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Iran quake death toll thought to be 35,000

Western governments and aid agencies were last night rushing emergency assistance to Iran as the scale of Thursday morning's earthquake became apparent. By yesterday evening the Iranian Foreign Ministry estimated that 35,000 people had been killed, while whole towns and villages in the northern provinces of Gilan and Zandjan have been destroyed.

Many of the worst-hit villages are in mountainous areas, which is hampering rescue operations.

In all, some 100,000 people are thought to have been injured and the homes of 400,000 destroyed by the quake, the worst on record in Iran. President Ali Akbar Hashemi Rafsanjani visited the town of Roudbar, where at least 6,000 people have died. He said the catastrophe was "so serious international help is needed." The United States, Israel, Iraq and Saudi Arabia joined in worldwide offers of assistance.

Iran told the Swiss-based League of Red Cross and Red Crescent Societies that it needed medicine, tents, blankets, food, trucks, cranes and bulldozers. Page 2

WORLD NEWS

EC leaders in call for aid to Soviets

West German Chancellor Helmut Kohl and French President François Mitterand issued a call for urgent western aid for the Soviet Union after preparatory talks between the two leaders in advance of Monday's EC summit in Dublin. Jaques Delors, President of the EC Commission, also indicated that the EC may be ready to offer a substantial aid package. Page 22

Mulroney fights for deal
Canadian Premier Mr Brian Mulroney was urgently seeking a way out of the constitutional impasse caused by the virtual collapse of the controversial Meech Lake reform package after five years of negotiation. Page 22

SA extremists freed
Eleven South African right-wing extremists arrested after reports of a plot to assassinate President F.W. de Klerk and ANC deputy president Nelson Mandela were freed yesterday. Page 3

Soviet cuts rejected
Western foreign ministers rejected a surprise proposal by the Soviet Union for phased cuts in the wartime allies' forces in a unified Germany and a ceiling on the size of a future German army. Page 2

Peres leadership threat
Former Israeli Prime Minister Yitzhak Rabin is set to challenge Shimon Peres for the leadership of the opposition Labour Party. Page 3

Denktash ready for talks
Turkish-Cypriot leader Rauf Denktash said breakaway north Cyprus was ready for "serious and meaningful" negotiations in co-operation with the UN on the future of the divided island. The most recent reunification talks broke down in February.

Arctic fuel spill claim
Environmental group Greenpeace claimed leaking rocket fuel from a Soviet military base at Severodvinsk in the Arctic may have devastated fish stocks and wildlife in a Barents Sea inlet near Finland.

Blaze damages mansion
Fire destroyed the eastern wing of 18th century Dropmore House, near Burnham, Buckinghamshire, owned by Mohamed Mahdi al-Tajir, former ambassador to London for the United Arab Emirates. The exact damage to the house, put on the market for £12m in January, could not be assessed.

Channel port disruption
Holidaymakers crossing the Channel to France with Sealink were last night warned to contact their tour operators before setting off and to expect severe delays due to action by striking French seamen on the Dover-Calais route.

Test match score
England reached 329 for 8 in the second Cornhill Test against New Zealand at Lord's. Graham Gooch made 85 and Alec Stewart 54.

BUSINESS SUMMARY

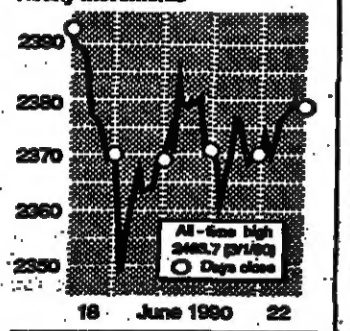
US corporate raider to be wound up

CONISTON Partners, US corporate raider that pulled off some of the most prominent deals of the 1980s, is to be wound up and its $900m (£519m) of funds returned to its investors.

It said a new investment strategy was needed for the 1990s because there were now fewer opportunities for the type of transaction on which Coniston thrived. Page 10

FT-SE 100 SHARE INDEX: The index showed a net loss of 13.8 points for the week as optimism regarding early British entry into the exchange rate

FT-SE 100 Index
Hourly movements



mechanism of the EMS was checked by renewed concern over UK inflation. London stocks, Page 18; Lex, Page 22

US CONSUMER spending stopped growing in May, after rising sluggishly for the previous seven months, while savings rose to a near-peak of 6.2 per cent. Page 2

TRADE TALKS: Japanese ministries have produced a series of apparent concessions to US demands as the basis for the final round of negotiations between the two counties on Monday to remove impediments to trade and reduce Japan's $49bn (£28bn) bilateral trade surplus. Page 3

BP has awarded two large contracts for an offshore platform to a French and a Spanish yard, the first time since the early 1980s that British contractors have lost orders of this type. Page 4

CZECHOSLOVAKIA has scaled down its original estimate of £2bn (£1.16bn) in financial support it needs from western governments for economic reform.

BRIDEL, France's fourth largest dairy group and number two in the camembert market, is for sale. Page 10

RAUTARUUKKI group, Finnish steel producer, is buying the privately-owned Raidean Group, a British steel stockholder. Page 4

CHLORIDE GROUP, UK battery group, recorded a rise in annual pre-tax profits to £12.8m (£12.2m) but turnover fell to £299m (£345m). It will not pay a final dividend on its ordinary or cumulative preference shares. Page 10

OLIVETTI, Italian computers and office equipment group, raised sales by 7 per cent to L3,181bn (£1.5bn) in the first five months of this year against L2,970bn in the same period in 1989. Page 10

MARKETS

STERLING
New York lunchtime:
$1.731
London:
$1.733 (1.7255)
DM2.9025 (2.9)
FFr9.74 (9.7325)
SFr2.4425 (2.44)
Y268.25 (267.25)
£ index 91.2 (91.0)

GOLD
New York: Comex Aug
$352.7
London:
$348.75 (349.0)

N SEA OIL (Argus)
Brent 15-day Aug
$16.125 (15.6)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.676
FFr5.6255
SFr1.4105
Y154.825
London:
DM1.6745 (1.68)
FFr5.62 (5.64)
SFr1.409 (1.4145)
Y154.75 (154.85)
$ index 67.5 (same)
Tokyo close: Y154.75

US LUNCHTIME RATES
Fed Funds $8\frac{3}{16}$%
3-mo Treasury Bills:
yield: 8.013%
Long Bond:
$102\frac{25}{32}$
yield: 8.465%

STOCK INDICES
FT-SE 100:
2,378.5 (+8.2)
FT Ordinary:
1,913.0 (+4.7)
FT-A All-Share:
1,171.96 (+0.3%)
New York lunchtime:
DJ Ind. Av.
2,910.15 (+8.42)
S&P Comp
361.5 (+1.03)
Tokyo: Nikkei
31,694.57 (−392.7)

LONDON MONEY
3-month interbank:
closing $14\frac{25}{32}$% (same)
Liffe long gilt future:
Sep $86\frac{3}{32}$ ($85\frac{11}{16}$)

■ Groups agree £2.2bn takeover ■ Deal continues global struggle for brand names

Philip Morris to buy Suchard

By William Dullforce in Geneva and Martin Dickson in New York

PHILIP MORRIS of the US, the world's biggest consumer products conglomerate, yesterday agreed to buy Switzerland's Jacobs Suchard, the world's third biggest chocolate and coffee group, for an estimated net cost of $3.8bn (£2.2bn).

The deal continues a worldwide struggle for the acquisition of brand names and market shares among the big, global food groups.

It is the biggest takeover in the sector in Europe since Nestlé's £2.5bn acquisition of Britain's Rowntree in 1988, and will substantially enlarge the European position of Kraft General Foods, Philip Morris's food-processing arm.

It will give Philip Morris brand names such as Tobler, Toblerone, Milka and Côte d'Or on the chocolate side and Night and Day, Jacques Vabre, Grande'Mère and Carte Noire in coffee.

Philip Morris said the deal gave it a big enough presence in Europe to compete against Nestlé and Unilever. The two coffee businesses would fit particularly well together since the US company, with brands such as Maxwell House, Hag and Kenco, was strong in Britain, Scandinavia and Spain, while Jacobs Suchard was a leading player in the French and German markets.

The takeover, announced in Zurich, has been agreed with Mr Klaus Jacobs, Jacobs Suchard's chairman, who is selling Colima, the holding company through which he controls 57 per cent of Jacobs Suchard voting rights.

Philip Morris is making a tender cash offer for the publicly traded Jacobs Suchard shares, offering shareholders SFr8,500 (£3,483) per bearer share, SFr1,660 per registered share and SFr758 per participation certificate. In addition, they will receive SFr15.30 per "A" warrant and SFr70.50 per "B" warrant on participation certificates.

Full terms will be set out in an offer document on or before July 10.

Jacobs Suchard has invested heavily in acquisitions and in modernising its production apparatus but said it needed more capital to keep up the pace. Mr Jacobs could not have provided the share of new capital required to keep control had the company turned to the stockmarket.

The takeover continues Philip Morris's rapid growth over the past six years into a leading world food business, thus reducing its dependence on tobacco.

The deal will make it a significant player in the confectionery business, which it said was an "emerging growth" area. It has little more than a chewing gum company in France and a baking chocolate business in the US.

Wall Street welcomed the deal, and Philip Morris shares surged by $1⅝ to $46 in morning trading on the New York stock exchange.

Analysts said the price being paid – 19 times Jacob Suchard's historic earnings – was relatively modest compared to the sums fetched in recent years for other branded food companies.

Last year, Jacobs Suchard reported consolidated net earnings of SFr275m on a turnover of SFr6.7bn, of which 83 per cent was generated in Europe. Philip Morris posted a consolidated net profit of $2.9bn on total revenues of $44.8bn.

Personalities behind the takeover, Page 10

Major warns of restrictions on credit marketing

By Alison Smith

THE GOVERNMENT signalled yesterday that it would step in to restrict the marketing of credit if it thought the voluntary code presently being devised by the banks and building societies was too lax.

Mr John Major, the Chancellor, urged lenders "to be conscious of the very considerable distaste many people feel for indiscriminate mailshots and credit advertising" and spelt out some of the changes he would expect to see.

In a speech which emphasised the Government's commitment to the long-term fight against inflation, he also dismissed speculation that entry into the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) would be used as an excuse for a pre-election boom.

He said marketing of credit should make clear to potential borrowers the exact nature of the commitment they might be undertaking, in readily understandable terms, not just by quoting an interest rate.

He added that lenders should not "contribute to the impression of carelessness in lending" by stressing that potential borrowers have instant and easy access to credit.

"Too often the implication is that further borrowing is a good idea for all regardless of their income or their existing level of commitments," he told the Tory women's annual conference in London.

The banks and building societies were asked earlier this year to deal with the marketing of credit in their code of good practice, the main elements of which are expected in the autumn. The code is due to be introduced early next year.

"We shall look very carefully at what they propose, to see whether it is sufficient or whether any further action is needed," Mr Major said.

In his review of the economy, the Chancellor rejected suggestions that the Government would engineer "a short-term pre-election boomlet irrespective of economic circumstances". And he made it clear that the Government's aim was not simply to reduce inflation to 4 or 5 per cent, but down to the level of the UK's main international competitors and then lower still.

That message will be reinforced by the Prime Minister today when she addresses the conference.

Tracing the problem of inflation back to 1987 and the growth in business and consumer investment, Mr Major acknowledged it was proving more difficult than expected to cure, because with hindsight it was clear that almost everyone had underestimated the inflationary pressures.

Editorial comment, Page 6

Nelson Mandela is greeted in Harlem, New York, but his TV remarks may spark friction

Mandela sparks friction in US

By Lionel Barber in Washington

TWO days into his US tour, Mr Nelson Mandela has walked into a political minefield by declaring unequivocal support for Colonel Moammer Gadaffi of Libya, President Fidel Castro of Cuba, and Mr Yassir Arafat, chairman of the Palestine Liberation Organisation.

The South African black leader's remarks – including a reference to Mr Arafat as a "comrade in arms" – have disappointed the American Jewish community and threatened friction early next week when he meets President George Bush and members of Congress.

Although Mr Mandela's support for these "fellow comrades" may be known abroad, it will have come as a shock to many Americans watching the televised interview on Thursday night.

Most have had limited exposure to the African National Congress deputy president, who arrived this week to a hero's welcome in New York and was fêted as the "living symbol of anti-apartheid."

The occasion was a question-and-answer session recorded before an audience chiefly composed of Harlem residents. At one point, Mr Mandela rebuked a questioner who challenged his recent embrace of Mr Arafat and his links with Col Gaddafi.

"Our attitude towards any country is determined by the attitude of that country to our struggle," said the 71-year-old leader. "Yassir Arafat, Col Gadaffi, Fidel Castro support our struggle to the hilt."

Mr Mandela went on: "Firstly, we are a liberation movement which is fully involved in a struggle to emancipate our people from one of the worst racial tyrannies the world has ever seen.

"We have no time to be looking into the internal affairs of other countries. It is unreasonable for anybody to think that this is our role."

However consistent Mr Mandela's views may be, members of Congress are likely to be less indulgent now they have him on record in the US supporting of some of the chief bogeymen of American politics.

Current account deficit falls as May exports set £8.9bn record

By Anthony Robinson

THE UK current account deficit fell to £1.32bn last month from a revised £1.6bn deficit in April on continued strong growth in the UK's key European and US markets.

Exports rose 3 per cent to a record £8.9bn in May, with unexpected help from the antiques trade. Exports of antiques on a seasonally unadjusted basis were £270m from £126m the previous month.

However, the value of May imports at £10.4bn, although little changed from April, confirmed the strong underlying appetite for imported goods.

The underlying trade trends, revealed by stripping out oil and erratic items such as aircraft and oil rigs, show that the volume of exports was only 1.5 per cent higher in the three months to May, while imports were up 4 per cent. This was reflected in a deterioration of the current account deficit in the March-May period to £4.8bn compared with £3.8bn in the previous three months.

Markets responded calmly to the figures, which were broadly within expectations. Gilts rose half a point on the news and the pound gained on the foreign exchange markets. However, dealers attributed sterling's one pfennig rise to DM2.90 against the D-Mark, and its strength elsewhere, to general interest in sterling fuelled by EMS speculation, rather than the trade figures.

City analysts attributed the strong performance of exports to a combination of sterling depreciation in recent months and strong growth in leading export markets. However, concern remains about the way in which the domestic economy continues to absorb imports, in spite of more than 15 months of high interest rates.

Mr Kevin Gardiner of Warburgs said: "The Chancellor estimated a current account deficit of £15bn this year in his recent Budget. But the first five months show the deficit is running at an annualised rate of around £18bn."

He said the Treasury had been right to draw attention to what is now the second year of an export boom. The export of capital goods over the last three months, for example, was running 21 per cent higher than in the same period last year, while consumer goods exports were 19 per cent higher over the same period. "The problem is that many of those exports have a high import content while UK consumer demand is also continuing to suck in imports," he said.

Over the last three months, for example, the latest official statistics show that imports of consumer goods rose by 5.5 per cent, while imports of intermediate goods used in the production process increased by 0.5 per cent and the import of capital goods by 3.5 per cent.

Only a 4 per cent drop in the import of motor cars hinted at the squeeze on domestic consumers and this was partly offset by a 0.5 per cent decline in the export of cars, in spite of growing export capacity from new export-orientated Japanese car plants in the UK.

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Austria Sch24; Bahrain Din0.700; Bermuda $1.50; Belgium BFr55; Canada C$1.00; Cyprus C£0.90; Denmark DKr12.00; Egypt E£3.25; Finland Fmk8.50; France FFr7.50; Germany DM2.60; Greece Dr150; Hong Kong HK$12; Hungary Ft107; Iceland ISK150; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1,000; Kuwait Fils.500; Lebanon 0.400; Luxembourg LFr55; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh8.00; Netherlands Fl3.25; Norway Nkr12.00; Philippines Pso 40; Poland Zl 9000; Portugal Esc150; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta185; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.60; Taiwan NT$60; Thailand Bht60; Tunisia Din0.800; Turkey L1400; UAE Dh7.00; USA $1.00.

Weekend FT

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Historian Roy Foster explains why the myths of Ulster's most notorious conflict have become more important than the truth
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INTERNATIONAL NEWS

West rejects Soviet plan for troop cuts in Germany

By Robert Mauthner in East Berlin

WESTERN foreign ministers yesterday swiftly rejected a surprise proposal by the Soviet Union for phased cuts in the wartime allies' forces in a unified Germany and a ceiling on the size of a future German army.

The US, Britain and France told Mr Eduard Shevardnadze, the Soviet Foreign Minister, that his proposal to terminate the four wartime victors' responsibilities in Berlin within six months did not go far enough. West Germany also rejected the plan.

Mr Shevardnadze proposed that the total number of foreign troops stationed in Germany be halved within three years, and sought a ceiling on the army of a unified Germany of 200,000-250,000 soldiers – less than half the combined total of present East and West German forces.

The proposals, made on the occasion of the ceremonial dismantling of the 29-year-old West-East border control point, Checkpoint Charlie, at first appeared as if it might herald a breakthrough in the difficult "2-plus-4" negotiations in Berlin, involving the two Germanys and the four wartime allies.

But it soon became clear that, in proposing that the four-power occupation regime be brought to an end within six months, Mr Shevardnadze was referring only to Berlin and not to the allies' residual rights in the rest of Germany.

Mr Shevardnadze, in a lengthy paper tabled at the meeting, stuck firmly to the previous Soviet position that the settlement of internal and external problems related to unification could be separated in time. By extending the allies' rights for a transitional period of about five years, as the Soviets have proposed, Germany would not become truly sovereign, even after unification, due at the end of this year.

All the Western foreign ministers stressed that they could not accept such a solution, though they were perfectly prepared to envisage that Soviet troops should remain in East Germany for a transitional period negotiated bilaterally between a unified Germany and Moscow.

The western powers also rejected a Soviet proposal that Nato and the Warsaw Pact should agree not to extend their "territory" for four to five years. This would prevent a unified Germany from choosing to join Nato during this period, whereas the western allies insist that it should be free to join Nato immediately after unification.

In spite of the declarations by the two German parliaments on Thursday and yesterday that they would permanently accept Germany's present border with Poland – the Oder-Neisse line – the ministers did not reach a final agreement on this question at their meeting yesterday. They considered that they had to wait until next month's ministerial meeting in Paris, in which Polish ministers will participate.

UNICE, the European employers' federation, yesterday voiced "strong reservations" about taxes which the East German Government is considering placing on imported western consumer goods, David Buchan reports from Brussels.

It said the taxes, which East Germany is planning to prevent its consumer goods industry being swamped by imports after it joins the West German economy on July 2, would be hard to apply and ineffective.

Cold War Charlie checks out as cloak and dagger days end

By Robert Mauthner

"At long last, we are bringing Charlie in from the cold." The words were those of Mr Douglas Hurd, the British Foreign Secretary, when Checkpoint Charlie, the famous Allied crossing-point into East Berlin, was finally dismantled yesterday.

As so often happens on historic occasions, the ceremony, attended by the four Allied and the two German foreign ministers, was composed of a mixture of genuine emotion and farce.

Everyone was conscious that an era had come to an end. But that it should be marked by a crane hoisting the pre-fabricated trailer, which served as the control post, on to a truck, watched in breathless fascination by some of the world's leading statesmen, had an element of farce about it.

Just before the crane, hired, most appropriately from a firm called Brandt, went into action, a British military policeman from the four-power guard of honour, ceremoniously came to attention before Charlie's door and briskly locked its door for the last time.

The foreign ministers arrived in successive motorcades in an atmosphere reminiscent of the Tour de France cycling race. But the most moving moment was when a dignified old man, Willy Brandt – former West German Chancellor and mayor of West Berlin when the Berlin Wall and the checkpoint were constructed on August 23, 1961 – walked unannounced to the front of the assembled guests.

Mr Brandt, the symbol of Berlin resistance in its darkest days and later the architect of the policy of detente towards the East, was given an ovation.

Everyone found the right words for the occasion. Mr Hurd got in his reference to a spy novel. Mr Hans-Dietrich Genscher, the West German Foreign Minister, made a ringing speech saying that Germany and Europe were indivisible and pledging that Germans wanted nothing else than to live in freedom and unity.

Mr James Baker, the US Secretary of State, talked about Checkpoint Charlie "leading from the conflicts of the past to the reconciliation of the future." Mr Eduard Shevardnadze, the Soviet Foreign Minister, used what might have been an embarrassing occasion for him to good effect, by making a new proposal to end four-power rights in Berlin within six months.

Checkpoint Charlie's civilian neighbours were not quite so sure about the desirability of its demise. "What a shame, dear Checkpoint Charlie," a banner, hanging from a window, nostalgically proclaimed.

Mr Roland Dumas, the French Foreign Minister, provided one of the most apposite epitaphs for Charlie as it left on the back of a lorry to become a museum piece. "Young people will forget, but history will remember."

Western governments and agencies vie to send aid

Toll in Iranian quake passes 32,000

By Kamran Fazel in Tehran and Victor Mallet in London

THE catastrophic scale of the Iranian earthquake became clearer yesterday as rescue workers searched for victims in the ruined towns and villages of the north.

By the afternoon Tehran Radio reported that 32,260 people had been found dead. In 1978 up to 25,000 Iranians were killed by an earthquake in the east of the country.

Roads to the stricken provinces of Gilan and Zanjan were blocked by landslides after the earthquake early on Thursday morning, but Iran mounted a rapid emergency airlift to take in supplies and bring back the injured to hospitals in Tehran and beyond.

Helicopters have completed more than 2,000 missions, according to Iranian television. The TV has suspended its regular programmes to broadcast appeals to citizens for blood, blankets, food and money.

At least 6,000 people were reported to have been killed in the Gilan Province town of Roudbar alone. "There is not a single house in this area which has been left standing," said Mr Ali Mohammadi, a farmer. Another man told how a huge rock crashed into his home, killing four of his six children.

Iran has called for international assistance through the United Nations Disaster Relief Organisation in Geneva, but it has asked donors to be selective about the aid they send. Iran is well equipped with hospitals and doctors because of the Gulf war against Iraq, which stopped with a ceasefire in 1988 but was never formally ended by a peace treaty.

Mr Paer Stenbaeck, secretary-general of the League of Red Cross and Red Crescent societies, used a news conference in Geneva yesterday to relay Iranian requests for antibiotics, tents, and blankets for an estimated 400,000 people left homeless.

But he said the Iranian Red Crescent had made it clear that doctors, technicians and other rescue personnel were not welcome and would normally only be given 24-hour visas.

Western governments and aid agencies – not to mention Iraq, Saudi Arabia and Israel – have nevertheless vied with each other to send assistance to Iran. A French government aircraft flew to Iran yesterday with 200 rescue workers, 18 sniffer dogs and 25 tonnes of supplies. The UK-based International Rescue Corps sent a 17-member team with sensitive listening equipment and thermal cameras to find survivors buried by rubble.

The international aid effort has prompted speculation that the US and Britain, which are both at loggerheads with the Islamic revolutionary government in Tehran, will want to use the goodwill generated by humanitarian assistance to improve relations.

A US official said yesterday that Iran had accepted an American offer of help.

The Iranian leadership, however, appears to be as divided as ever about the merits of better relations with the West.

American offers of aid have been ignored by most of the official media, and at Friday prayers in Tehran yesterday, Ayatollah Abdulkarim Mousavi-Ardebili, the former chief justice, condemned the idea of getting help from foreigners.

Relief workers find a man alive after 32 hours under debris in the city of Manjil.

Moscow plans assault on state monopolies

By Leyla Boulton in Moscow

THE Soviet government plans to follow up legislation on joint stock companies with a series of economic reforms this summer, including an assault on state monopolies and an overhaul of the banking system, a senior government official said yesterday.

Mr Gennadi Melikian, a member of the government's economic reform team, also gave details of joint stock legislation enacted on Tuesday to enable state-owned enterprises to sell shares to Soviet and foreign investors.

The summer campaign marks a retreat by the Soviet Prime Minister, Mr Nikolai Ryzhkov, from an earlier plan to start the transition to a "regulated market economy" with steep price rises.

Delaying discussion of the so-called price reform, the Soviet parliament last week demanded instead that the government produce by September 1 a comprehensive package of economic reforms. It also empowered Mr Mikhail Gorbachev, the Soviet President, to introduce legislation by decree in the interim.

Mr Melikian said that "more than 20 new measures" were in the pipeline, many of them for immediate application, either by presidential or government decree.

"There will be no real effect if these measures are taken separately," he said.

Asked how the government planned to apply the legislation on joint stock companies, Mr Melikian said a commission for the management (and by implication disposal) of state property would be set up by July 1. This would help determine the value of enterprises given the obstacles of a centrally-planned economy with set prices and a non-convertible currency.

He said the state planned to keep majority stakes in sensitive sectors such as defence but not necessarily in others, with the possibility for foreign companies and individuals to step in.

Acknowledging that many foreign companies would be reluctant to invest money and know-how in a Soviet enterprise without being able to control or own it outright, he said: "In most cases there will be no restrictions. There is no reason why a Soviet shareholder should keep control of an enterprise which produces watches or men's shirts."

He said Kamaz, the country's main heavy truck manufacturer, would be one of the first state-owned enterprises to make the change. With assets worth Rbs5bn, Kamaz had already found buyers for some Rbs1.5bn worth of stock among other state enterprises.

The state would get the proceeds from the initial sale of shares of a state enterprise, but Mr Melikian said the government would forego dividend payments by denationalised enterprises on condition that the money was spent on capital improvements. Payments to the state would resume once the enterprise had "recouped" the amount that the state made from the sell-off.

Consumer spending growth in US stalls

By Anthony Harris in Washington

US CONSUMER spending stopped growing in May, after rising sluggishly for the previous seven months, while savings rose to a near-peak of 6.2 per cent.

Meanwhile, orders for civilian capital equipment fell for the second successive month, according to new figures from the Department of Commerce.

However, there was an erratic 3.9 per cent rise in total orders for durable goods, due mainly to rising defence orders and stockbuilding in the car industry ahead of the wage bargaining season.

The financial markets had accurately forecast the personal income figures, and ignored the unexpected rise in durable goods orders.

Money incomes rose by 0.3 per cent for the second successive month, led by wages and salaries. The slowdown in income growth reflects a sharp decline in the increase in interest and dividend income of recent years, and a fall in May in arms subsidy receipts.

The higher level of personal savings has now persisted for three months and appears to mark a change in trend.

About a third of the total increase in durable goods orders was due to a 19 per cent jump in orders for defence equipment, against the long-term trend. This figure has been erratic for some time, as Pentagon decisions have been delayed and then unblocked. Without defence, the month would have shown a 2.8 per cent increase.

The whole of this increase was accounted for by the 9.9 per cent increase in orders for transport equipment. This reflects a build-up in car output, despite persistently low sales, which has continued this month.

The latest production plans announced from Detroit show that output this week will be 3.6 per cent higher than in the same week last year, and also a little up on last week, although sales have been running 17 per cent below 1989 rates, and output for the year to date is down 19 per cent.

Bush takes tough line on fraud

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday promised to toughen the investigation and prosecution of fraud in the savings and loan industry and other financial institutions, as he sought Congressional approval for an additional $25m in funding to deal with the crisis.

This follows a week of bitter exchanges between Democrats and Republicans about who is to blame for the savings and loan crisis, the largest financial collapse and rescue in US history.

White House strategists are worried that the issue may be a powerful electoral weapon for Democrats, especially those outside Washington not involved with the rescue, like Governors Mario Cuomo of New York or Douglas Wilder of Virginia, or by those who opposed the savings and loan legislation, like Senator Bill Bradley. The Democrats have highlighted a backlog of nearly 7,000 cases.

Promising to "throw the crooks in jail," Mr Bush yesterday highlighted the record of the past three years in winning more than 150 savings and loan convictions, $100m being ordered in restitution.

Mr Bush backed Republican sponsored legislation in Congress. This would allow the use of court-approved wire taps in investigating bank fraud, and would authorise federal regulatory agencies to ask the courts to freeze the corporate and personal assets of defendants in civil cases involving financial institution fraud.

Czechs scale down estimates of western aid needed for reform

By Stephen Fidler, Euromarkets Correspondent, in Prague

CZECHOSLOVAKIA has scaled down its estimates of the financial support it needs for economic reform from western governments, the president of the central bank, Mr Josef Tosovsky, said yesterday.

The Government had originally believed it would need $2bn (£1.16bn) but now "it seems to us that we'll need much less," he said, after addressing a conference in Prague.

The Government aims to have the stabilisation fund in place this year, so it can go ahead with the most radical part of its economic programme. It would be used to support the currency as the Government introduces internal currency convertibility early next year.

This will lift restrictions on the ability of domestic companies and residents to buy foreign exchange. It will also abolish the system of retention of foreign exchange earnings by exporting companies.

Governments from industrialised countries provided a $1bn stabilisation fund for Poland for its shock economic programme launched at the start of the year.

So far, the funds have not been used.

Mr Tosovsky said the amount in the stabilisation fund would, to some extent, dictate the pace of reform and the extent to which administrative controls would be retained.

The country was seeking only its usual level of commercial borrowing this year. Total gross debt stood at $7.4bn at the end of the first quarter, down from $7.9bn at the end of 1989. Net debt was zero, although he said there were problems in collecting some foreign assets, particularly those held by some Arab countries.

Mr Tosovsky said that, in contrast with some other east European countries, Czechoslovakia could not be said to have a debt problem.

Even if commercial banks withdrew all facilities maturing in less than a year – a highly unlikely event – the country would not suffer undue difficulties.

A budget surplus was expected this year, thanks to reduced subsidies and lower military spending, and a current accounts surplus was also forecast, he said.

'Peg eastern currencies to Ecu'

By Stephen Fidler

EAST European countries should peg their currencies to the Ecu, the Ecu Banking Association was told yesterday.

Mr Alfred Stinherr of the European Investment Bank told a conference that a dual exchange rate system, such as that recently abandoned by Belgium, would be a useful intermediate solution for reforming economies in eastern Europe.

Mr Stinherr, director of financial studies at the EIB, was outlining to a conference the conclusions of a report on reforms in eastern Europe and the role of the Ecu, published yesterday. He led the group which produced the study.

Current account transactions would be carried out through a fixed exchange rate, linked to the Ecu, allowing the domestic real economy to be sheltered from external financial shock. However, capital would flow in and out at a flexible exchange rate.

The use of the Ecu as an exchange rate peg is justified by the domination of the EC in the hard currency trade of eastern European countries. Another advantage would be that, since there are no Ecu bank notes, it would not emerge as a parallel currency in eastern Europe. This is an advantage over the US dollar, to which Poland has fixed its exchange rate, and which is freely exchanged in the country.

Mr Josef Tosovsky, president of the central bank of Czechoslovakia, told the conference that his government had been pressing for the Ecu to be used as the unit of account in trade between eastern European economies. "We are pushing very hard this idea, especially with the Soviet Union. I don't see any major problem," he said.

Soviet nuclear missiles being withdrawn

By Peter Riddell

THE Soviet Union has told the US that it has begun removing nuclear missiles from the Baltics and other politically unstable republics in the south.

US officials confirmed yesterday that they had been told of the move, apparently mainly of short-range missiles, nuclear artillery and bombs. The consolidation of control over these weapons has been welcomed in Washington as "prudent"

Pentagon and US intelligence officials are reported to have become worried that political unrest within the Soviet Union, and especially its outlying republics, could result in dangerous weapons being seized by, or sold on to, potentially unstable groups.

The US is also worried about splits within the top leadership affecting decision-making and control over nuclear weapons.

US officials have noted concern about thefts of conventional weapons from military bases, both within the Soviet Union and among its forces based in central Europe. There are fears in the west that the remaining Soviet garrisons in Europe, especially in East Germany after monetary union, will face a growing financial squeeze and may resort to selling weapons to raise money.

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INTERNATIONAL NEWS

Mengistu admits Ethiopia 'on verge of collapse'

By Julian Ozanne in Nairobi

PRESIDENT Mengistu Haile Mariam has called for an all-out mobilisation to save Ethiopia from "the verge of collapse" in the face of intense rebel attacks on the last government stronghold in the northern province of Eritrea.

Mr Mengistu suggested the disintegration of the nation was now a real possibility as rebel fighters tightened the noose around Asmara, the last government-held town in Eritrea where the demoralised 120,000-strong second army is under siege.

"Genuine citizens must coolly realise that their motherland is on the verge of collapse in the face of various struggle conspiracies mapped out by forces opposed to its unity and sovereignty," Mr Mengistu told the Shengo, the national parliament.

"The enemy has intensified its attacks using all the resources at its command and causing havoc to the country from both within and outside," he said.

His frank admission of the state of the crisis comes in the wake of claims by the rebel Ethiopian People's Revolutionary Democratic Front that they have killed 22,000 government troops in the past three weeks in battles in Wollo and Gonder provinces.

Mengistu: enemy causing havoc

In Asmara, the government's second army is now encircled by forces of the secessionist Eritrean People's Liberation Front (EPLF), who have taken all the roads and blocked out a route of escape. A vulnerable air corridor is the garrison's only lifeline.

But since the Soviet Union pulled out its 18 Antinov transport planes in February, this air operation is dependent on a few government plans and requisitioned Ethiopian Airlines jets. Chances of a troop evacuation are slim, especially as the airport is now open to rocket and mortar attack from the rebels.

With peace talks recently scuttled by intransigence on both sides, a military solution to Ethiopia's 29-year civil war increasingly looks the only possibility.

Abandoned by their Soviet and East Bloc advisers and military suppliers, and composed largely of war-weary teenage conscripts, the Ethiopian army is poorly equipped to deal with the latest threat. And the loss of Eritrea, once Asmara has fallen, is viewed by most diplomats in Addis Ababa as imminent.

Such is the confidence of the EPLF that, according to a senior source, plans have already been laid for de facto independence in Eritrea.

The nationalistic call to arms made by Mr Mengistu may appeal to some Ethiopians who still feel that he is their best chance of maintaining the territorial unity of the country. But years of authoritarian rule have alienated Mr Mengistu from many Ethiopians.

The most recent example – the execution of 12 senior military officers for their alleged involvement in an attempted coup last May sparked demonstrations.

Rabin to challenge Peres for Labour leadership

By Hugh Carnegy in Jerusalem

ISRAEL'S Labour Party, thrown into opposition with the formation of a right-wing coalition led by the Likud Party, has become embroiled in a bitter leadership struggle between Mr Shimon Peres, the incumbent, and his challenger, Mr Yitzhak Rabin.

The core of Labour's policy – that Israel should yield territory to the occupied Palestinians in return for peace – is not at issue. The battle is about who is best suited to convince a deeply sceptical electorate that it is right.

There are strong indications that a tide is flowing in the party for the return of Mr Rabin, who was Prime Minister from 1974 to 1977 before a scandal over illegal foreign bank accounts unseated him. With his record as Chief of Staff during the 1967 Six Day War and more recently as a tough Defence Minister combating the Palestinian uprising, his appeal is as a leader who can pursue peace from a position of strength.

Warning that the new government of Mr Yitzhak Shamir could lead Israel into dangerous confrontation with the Arab world, Mr Rabin says Labour should dump Mr Peres and prepare for elections.

This week more than 20 of Labour's 39 members of parliament made public their support for him. Mr Rabin, 68, consistently emerges from opinion polls as Israel's most popular politician. "Given the political reality in Israel at the moment, Rabin makes more sense than an out-and-out dove," says Ms Susan Hattis Rolef, editor of Spectrum, a Labour monthly. "If anyone has a chance winning an election, then maybe, just maybe, it is Rabin."

On the face of it, Mr Peres, 66, looks grievously weakened. His prestige, already undermined by his failure to lead Labour to outright victory in four elections since succeeding Mr Rabin, was badly dented by his unsuccessful attempt to construct a Labour-led coalition after the partnership with Likud broke up in March. The intrigue involved in the process caused the Labour party "immeasurable damage", Mr Micha Harish, the party secretary general, said recently.

However, Mr Peres has refused to give way. "He is behaving like a wounded animal," said one party member. "Things are turning nasty." The result has been a reopening of a rancorous personal rivalry between the two men that marked their relationship in the 1970s but which more recently had been subdued. Both men describe the other as being unfit for leadership.

Mr Rabin and his supporters want a meeting of the party leadership next Thursday to set a quick contest in motion. Mr Peres will almost certainly try to put off a contest as long as possible. If he can postpone it long enough, other candidates – such as Mr Moshe Shahal, Mr Gad Ya'acobi and Mr Mordechai Gur – may throw their hats in the ring.

Nagging questions now under the surface about Mr Rabin's stamina for a comeback could develop. Allegations in a military court this week about his role in ordering beatings of Palestinians may also reverberate. In such circumstances, a fighter like Mr Peres might rekindle support.

S Africans freed in 'murder plot' case

By Philip Gawith in Johannesburg

ELEVEN right-wing South African extremists arrested after reports of plans to assassinate Mr Nelson Mandela, President F W de Klerk and five ministers were freed yesterday.

The Vrye Weekblad, a liberal Afrikaans newspaper, said yesterday the extremists also intended to poison the drinking water of Soweto and sabotage power stations and dams. The aim was to derail talks between the government and the African National Congress and prompt a right-wing coup.

Mr Max du Preez, editor of Vrye Weekblad, refused to condemn the release of the 11, saying he was confident they would be brought to trial.

The allegations are based on the testimony of Mr Jannie Smith who infiltrated right-wing groups and was considered an ally and potential assassin. Among those implicated by Mr Smith are senior members of the far-right Conservative Party, which won 31 per cent of the white vote in last September's parliamentary election, and holds 42 seats in the white House of Assembly.

CP officials have so far declined to comment on Mr Smith's allegations that a CP politician had agreed to smuggle arms into parliament to enable plotters to kill cabinet ministers and stage a coup.

The approaches to Mr Smith came from members of the Afrikaner Resistance Movement (AWB), whose officials last night denied that the organisation was involved. But members of the Civilian Co-operation Bureau (CCB), the subject of an inquiry into political murders, are also implicated.

These latest disclosures are being treated with some scepticism by observers. But the scenario of sabotage and assassination is not lightly dismissed by either government or the ANC. Few believe that the extreme right enjoys more than marginal support, but it is difficult to ignore given the potentially catastrophic consequences of a campaign of disruption.

Jannie Smith: implicated Conservative politicians

Kenyan police step up pressure on opposition

By Julian Ozanne

KENYAN security police yesterday stepped up their campaign against the government's leading political critics, 24 hours after the Catholic Church rounded on the government and warned against the rising tide of extrajudicial actions by the state.

Special branch officers yesterday broke into private meetings, harassed reporters and threated to arrest them, confiscating notebooks and cameras. Officers also stood outside the offices of lawyers and politicians.

It was unclear last night whether anybody had been detained as police conducted a cat-and-mouse chase of campaigners for a multi-party system. But Mr Charles Rubia, a former cabinet minister, who, with Mr Kenneth Matiba, leads the opposition, was said to be in hiding.

The move comes a day after the Catholic Church lent its support to the opposition, rounding on the government's handling of politics and the economy.

A pastoral letter signed by four archbishops and 14 bishops said the ruling Kanu party was increasingly identified with government and that "the superiority of the party over the authority of parliament seems to be an accomplished fact."

The bishops expressed fears that the "philosophy of national security" could be installed in Kenya "leading to political murders, unlawful home searches, arbitrary detentions, confessions under torture and death squad actions that escape the control of the public forces of order."

On the same day the pastoral letter was published, security police picked up the editor of the Daily Nation, the country's largest newspaper, for "interrogation" and violently broke up a press conference being given by a group of lawyers who have consistently criticised human rights abuses and the government's dismantling of Kenya's post-independence constitution.

Japanese prepare concessions on eve of US trade talks

By Robert Thomson in Tokyo

JAPANESE officials are preparing this weekend for what they hope will be the final round of negotiations with the US to remove so-called "structural impediments" to trade and reduce the country's $49bn bilateral trade surplus.

Keen to be seen to be doing their bit, Japanese ministries this week have produced a flurry of apparent concessions to US demands, and a package of suggested reforms will be delivered when the talks begin in Tokyo on Monday.

The government's annual white paper on trade, released yesterday, described the Structural Impediments Initiative (SII) talks as "epoch-making". In emphasising that the talks are meant to be a "two-way street", the paper characterised as "dramatic" the US willingness to take some of the trade blame.

Yesterday, a controversial Japanese politician, Mr Shintaro Ishihara, co-author of "The Japan That Can Say No", produced his own list of 109 demands for reforms by the US to make that country more competitive.

Mr Ishihara suggests limits on the use of automatic teller machines in the US to reduce consumer spending, toughening up penalties for sex offenders, and increasing education spending to 5 per cent of gross national product.

The last proposal is a play on the most controversial US demand of Japan, that public spending be increased to 10 per cent of GNP to overhaul, among other things, the country's inadequate sewerage and road systems.

If not 10 per cent, US negotiators have argued for a target figure well above the present 6.3 per cent, although Japanese officials say the demand is unreasonable and question the US logic that higher public investment will lead to a fall in Japan's trade surplus.

The last round had been in danger of debacle, as both countries have been stubborn on the GNP issue, and Washington was angered by Japanese Finance Ministry suggestions that the country's current account surplus should be maintained for the sake of the international good.

But Washington has become more flexible this week on public spending, and will probably accept a monetary target of around Y460,000bn (£1,730bn) over the next decade. Meanwhile, Japan's Foreign Ministry has condemned the Finance Ministry's "good surplus" theory and pointed out that countries running deficits have contributed to international development.

The trade White Paper yesterday recognised that more money should be spent on public services, and also agreed with US arguments that the country's high land prices and some commercial practices are structural impediments to trade.

"It should be kept in mind that for the two countries to blame one another in a persistent manner would bring about harmful consequences for the stable development of the world economy," the paper said.

While the paper suggested the SII talks have been "in the form of sharing friendly advice with one another", the reality has been far less friendly in the 10 months since the first round of negotiations.

US representatives questioned whether Japan had the "political will" to reach agreement, while some Japanese officials have naturally taken offence at US demands of a breach of Japan's sovereignty. Their anger has been tempered by public opinion surveys showing a clear majority of Japanese in favour of adopting at least a few of Washington's suggestions.

An interim SII report was accepted at an April meeting, and a final report is due before the Group of Seven summit in Houston next month. Yet, trade friction could quickly resurface, particularly if the present weakness of the yen pushes Japan's surplus higher.

Clarke pledges progress over health reforms

By Alan Pike, Social Affairs Correspondent

MR KENNETH CLARKE, the Health Secretary, yesterday made a determined attempt to dispel suggestions that the Government is slowing the pace of its proposed National Health Service reforms.

"There has suddenly been some speculation that we are slowing down or just looking for cosmetic change. Not so," he told the joint conference of the National Association of Health Authorities and Society of Family Practitioner Committees, in Scarborough.

Mr Clarke said he was not in the business of playing the Grand Old Duke of York, marching the NHS up the hill in preparing it for a new system, only to march it down again.

Part of the speculation about the Government trying to slow down the reforms apparently stems from those Conservative backbenchers who continue to regard the plans as electorally unpopular.

Also, recognition has grown in the Department of Health that, although reforms are due to take effect from April 1, an organisation as large as the NHS cannot change overnight.

The fact that the changes will have a gradual effect was acknowledged by Mr Clarke yesterday.

He said that, although he was committed to seeing a new-style NHS from April, there would be further evolutionary change from then on as managers, clinicians and other health professionals get used to the new system.

Mr Clarke told his audience of health authority members that he would ensure that the NHS continued to get increased resources if they, in return, ensured higher standards of care and efficiency and cut out waste.

He said that a new contract for general practitioners, which the Government imposed earlier this year after it had been rejected in a ballot of doctors, was encouraging an improved quality of service.

Laboratories were reporting a significant increase in cervical smear tests as GPs aimed to achieve target payments contained in the contract.

There was encouraging interest in new arrangements for rewarding GPs who ran health promotion clinics and more GPs were attending training courses to qualify for a new postgraduate education allowance.

Finnish group buys private steel stockholder

By Charles Leadbeater, Industrial Editor

RAUTARUUKKI Group, the Finnish steel producer, yesterday became the latest foreign group to establish a foothold in the UK market through the acquisition of a British steel stockholder.

Rautaruukki, which produces mainly tubes and cold-rolled sectional steels, is buying the privately owned Raidean Group of steel stockholders, which has plant operations in Milton Keynes, Birmingham and York.

The Finnish group's move comes a week after Usinor-Sacilor, the French state-owned group which is Europe's largest steel producer, bought a 20 per cent stake in ASD, the UK's second-largest stockholder. Mitsui, the Japanese trading group, has opened a steel processing joint venture in the north-east. Also AHV, the Spanish group, said recently that it was buying into Bishopsgate Steel, the traders.

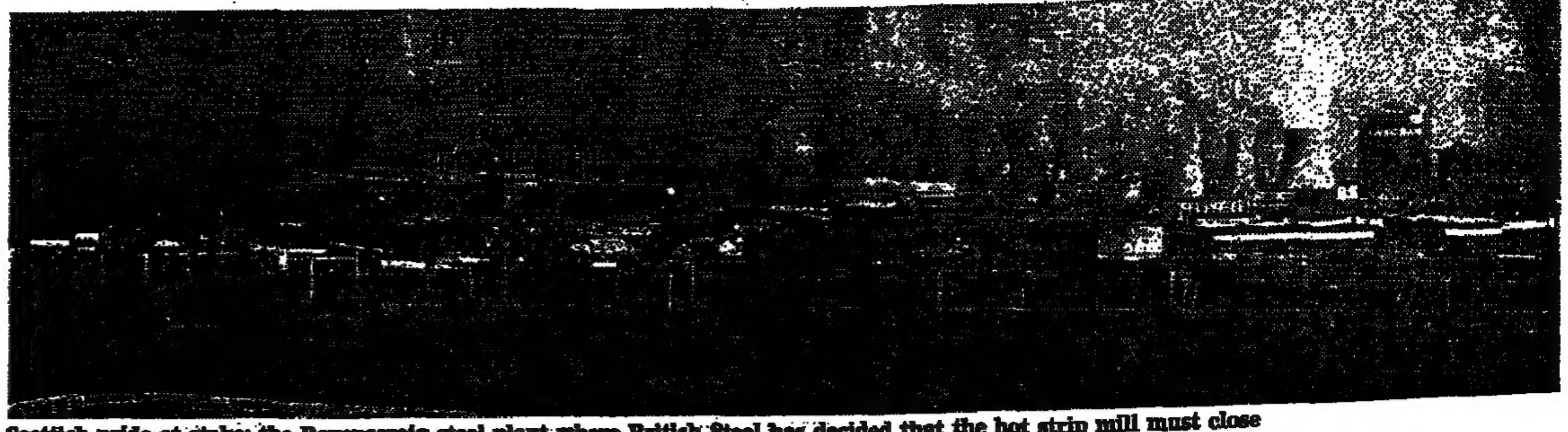
Those moves, which are indicative of growing vertical integration between steel producers and stockholders across Europe, suggest that small independent stockholders will become increasingly rare.

Rautaruukki is thought to have paid more than £1.5m for Raidean, which last year had a turnover of about £9m, with a throughput of about 15,000 tonnes of steel.

The two companies have had a close relationship for the last nine years, since Rautaruukki supplies about 70 per cent of Raidean's steel.

Raidean will be renamed Star Tubes (UK). Rautaruukki plans to develop the subsidiary to produce higher-value-added products.

The acquisition is part of Rautaruukki's strategy to expand into western Europe from its Nordic base.



Scottish pride at stake: the Ravenscraig steel plant where British Steel has decided that the hot strip mill must close

Ravenscraig fuels anger over English rule

James Buxton looks at the campaign to save the Scottish hot strip mill from closure

NORMALLY, the Scottish National Party would this weekend celebrate Scotland's victory over England in 1314 at the battle of Bannockburn.

Instead, thousands of SNP members will demonstrate in the centre of Edinburgh tomorrow against what they see as one of the consequences of English rule – the planned closure of the hot strip mill at British Steel's Ravenscraig plant at Motherwell, near Glasgow.

The SNP argues that there is no hope that Sir Robert Scholey, chairman of British Steel, will reverse his decision to close the strip mill. Scotland can preserve its steel industry only by becoming independent, it says.

The SNP acknowledges that this is a long-term strategy. Although the party is breaking Scotland's supposedly united front in the campaign for Ravenscraig, however, the idea of a Scottish steel industry independent of British Steel is gaining ground even within the Scottish Conservative Party. Yet British Steel shows no sign of playing along.

The company intends to close the strip mill early next year with the loss of 700 jobs to concentrate production at its South Wales plants. The remainder of the iron and steel complex should survive until 1994, although doubt hangs over the future of two other British Steel plants in Scotland. They are the Dalzell plate mill and the Clydesdale tube works.

Most Scots see the strip mill closure as a poor reward for the workforce that delivered all that was asked of it in terms of productivity over the last few years. They were affronted by last week's disclosure by British Steel of record profits.

Scottish politicians have over the years made Ravenscraig into an industrial virility symbol, out of proportion to its importance for the Scottish economy. A recent opinion poll showed that 90 per cent of Scots people believed Scotland must have a steel industry.

Mr Pat Kane, the Scottish rock singer who is campaigning against British Steel, recently said: "If Scotland wants to have a 21st-century manufacturing future, it needs to have a Ravenscraig. It is regarded as a link to our manufacturing past."

A few newspaper columnists and letter writers have said Ravenscraig was created as part of a politically inspired regional development policy and that Scotland consumes less than 4 per cent of its output.

The Roman Catholic bishop of Motherwell, the Rt Rev Joseph Devine, used a recent BBC Radio Scotland Thought for the Day slot to advise Scots to stop thinking that the only job worth having was in heavy industry.

Political parties, trade unions, local authorities and churches campaigning for Ravenscraig meet formally in the long-established standing committee on the Scottish steel industry. The committee resolved to fight on grounds of reason rather than emotion, hoping for a serious debate on the plant's merits.

Sir Robert Scholey has thwarted that aim by refusing to publish the detailed case for closing the mill, although he sent Mr Malcolm Rifkind, the Scottish Secretary, a long and so far unpublished letter on the subject last week. He has not taken up Mr Rifkind's suggestion that he meet the "mature and constructive" Ravenscraig shop stewards.

Sir Robert's assertion of his company's private-sector status, beyond the control of government, has depressed Scottish Office ministers, caught between their position in a privatising government and their loyalty to Scotland. They see hopes of a Tory revival north of the border evaporating.

"British Steel not only controls 100 per cent of steel production, it also controls 100 per cent of the information," said Mr Hamish Morrison, chief executive of the Scottish Council Development and Industry, which lobbies for economic development.

He believes there is an economic case for preserving the strip mill and that Ravenscraig could be replaced in the longer term by a new plant at British Steel's deep water site at Hunterston on the Firth of Clyde, using the direct reduction process. Those options are in the hands of British Steel.

As a first stage, he wants British Steel to be referred to the Monopolies and Mergers Commission for an investigation on competition grounds – a course urged this week on Mr Nicholas Ridley, the Industry Secretary, by Mr Gordon Brown, Labour's industry spokesman.

The Scottish Council has already told Sir Gordon Borrie, Director General of Fair Trading, that closure of the strip mill will mean a reduction in British Steel's output, leading to more imports and higher prices, which it thinks is an abuse of a monopoly position. Sir Gordon said he was initially not convinced but would wait to see British Steel's reasoning for the closure.

The real aim of this campaign is to see the hiving off from British Steel of a separate company based on Ravenscraig, the Dalzell plate mill and the company's plant at Shotton in North Wales, which uses much of Ravenscraig's output. Another company, probably foreign, could be invited to own it.

Last week the Scottish Conservative and Unionist Association – the voluntary wing of the Conservative Party in Scotland – called on British Steel to honour sooner rather than later the commitment it gave at privatisation to offer its surplus Scottish facilities for sale to a third party if it no longer needed them. The Liberal Democrats also believe in a separate Scottish steel industry.

The standing committee is urging people to buy shares in British Steel in order to ask awkward questions at the company's annual meeting, on July 27. The SNP says all that is futile while Scotland remains part of the United Kingdom.

● Mr Jim Sillars, SNP MP for Govan, and another party member began a three-day protest fast outside the Scottish Office in Edinburgh yesterday as part of the build-up to tomorrow's protest. The two men set up deckchairs on a lawn in front of the Scottish Office.

Platform orders go to continental companies

By Steven Butler

A SIGNIFICANT step forward in the integration of the UK offshore supply industry into continental Europe was taken yesterday when BP awarded two large contracts for an offshore platform to French and Spanish yards.

BP announced orders worth £180m for the £1.5bn Bruce gas field, about £55m of which is understood to have been placed abroad. This is the first time since the boom years of the early 1980s that British contractors have lost orders of this type.

The continental yards are believed to have submitted the lowest bids. There have also been concerns about capacity constraints and scheduling difficulties at UK yards, although UK yards submitted bids and certainly could have filled the orders.

The apparently evenhanded consideration given to continental bidders is also a reflection of pressure on the UK industry to show that there is fair competition among all European Community bidders with the approaching completion of the single European market after 1992.

The European Commission is suspicious about what has appeared to be pressure from the UK Offshore Supplies Office, a branch of the Department of Energy that promotes the UK supply industry, to favour UK bidders.

Contracts have been awarded for two platforms and their jackets – steel support structures. One jacket, weighing 8,500 tonnes and costing about £15m, is to be built by Dragados y Construcciones of Spain.

A 7,200-tonne drilling unit, costing about £40m, is to be built by Eiffel of France.

The RGC yard in Fife has won about £60m worth of contracts for the second 8,500-tonne jacket, and its control module.

The 8,900-tonne cellar deck is to be built by Redpath Offshore at Teesside, while SLP of Lowestoft has won the contract for the accommodation module and helideck.

Elf Aquitaine and Total, the French state-controlled oil companies, hold 31.5 per cent and 11 per cent interests respectively in the project.

Chevron has said UK fabrication yard capacity may be inadequate for planned development of its Alba field. The yards say capacity is plentiful.

Societies' merger confirmed

By Richard Waters

THE Building Societies Commission yesterday confirmed the merger of the Frome Selwood and Stroud & Swindon building societies, in spite of attempts by some Frome members to have the merger declared invalid.

The commission concluded that no significant information was withheld from members before they voted on the merger, and that the voting procedure did not infringe the requirements of the Building Societies Act.

Sky seeks to end row over news access

By Raymond Snoddy

SKY TELEVISION, the satellite broadcaster, has called for an all-industry meeting to solve the escalating row over news access to exclusive sporting events.

News access is the practice of allowing competing broadcasters up to two minutes' coverage of a sports event in news bulletins.

Mr Gary Davey, managing director of Sky, has written to all the main broadcasting organisations to see whether a consensus can be reached.

The issue came to a head earlier this month when the BBC and British Satellite Broadcasting asked TV-am to explain its "unprecedented action" in broadcasting two minutes of the FA Cup Final replay without permission. BBC and BSB had exclusive rights to show the match.

BSB was given legal advice that TV-am had the right to news access to the event and in turn began broadcasting clips from other companies' coverage without permission.

Two jailed over share theft conspiracy

By Raymond Hughes, Law Courts Correspondent

THE FORMER head of securities at G. I. L. Nominees, until recently a subsidiary of British & Commonwealth Holdings, was yesterday cleared of involvement in a multi-million-pound plot to steal shares.

A jury at Southwark Crown Court acquitted Mr Colin McCullough on charges of conspiracy to steal shares and conspiracy to make a company seal for the manufacture of share certificates.

Two other men were each sentenced to five years' imprisonment for their part in the conspiracy. Mr Michael Beasley was found guilty on both charges; Mr Patrick Barry was convicted of conspiracy to steal and acquitted on the second charge. All three had pleaded not guilty.

G. I. L. Nominees is a subsidiary of fund managers Gartmore, sold by B&C to Banque Indosuez earlier this year.

When the trial began on June 6, the prosecution spoke of a "staggeringly simple" plot, between January 1988 and June 1989, to steal shares worth up to £80m and use the share certificates to persuade a Swiss bank to lend £30m for a bogus property development in California.

The plan had been to steal shares held by G. I. L., pretend they had gone missing in the post, and apply for duplicates. The company seal was to be used to forge documents to show that the defendants were lawfully entitled to be in possession of the shares, the prosecution alleged.

The court heard that an American named Ron, who is still at large, had set up a nominee company. The stolen shares were to be transferred into its name. The conspiracy failed because Mr Beasley went to the police.

Sentencing Mr Beasley and Mr Barry, both of whom are unemployed, Judge Roger Cox said the reason for their involvement in "this enormous fraud" had been greed. "You were playing for immensely high stakes." The two men had international connections that had convinced them that the scheme was viable, although difficult, he said.

Pension funds paying more in management fees

By Barry Riley

THE PROPORTION of funds managed paid in fees to portfolio managers by British company pension funds is continuing to rise slowly. A survey by Greenwich Associates, the consultants, said the average had risen to 0.195 per cent in 1990 from 0.191 per cent last year and 0.186 per cent in 1988.

The extra cost has been mainly loaded upon medium-sized funds, especially those worth between £200m and £500m, where fees on average have risen by as much as 0.025 percentage points. Fees paid by the biggest (over £1bn) funds have fallen sharply.

Two thirds of scheme officials interviewed expected investment management fees to rise further over the next two years.

The annual survey, carried out between March and May, covered 380 of the largest UK schemes, worth £220bn in aggregate. It found that the schemes' assets had been rising strongly, thanks to buoyant market returns, but cash flow had been significantly negative – contributions of £7.1bn in 1989 were exceeded by payments of £9.4bn.

Strong growth in the use of passive or index-tracking investment methods is indicated by the survey. In UK equities the proportion of funds adopting a passive approach for at least part of their portfolios has risen from 23 to 27 per cent since last year, and another 9 per cent expect to adopt that technique within the next 12 months.

NEWS IN BRIEF

Deputy judge to conduct SIB inquiry

MR Anthony May, QC, who has sat as a deputy judge in the High Court in London, has been appointed by Sir Lawrence New, the Manx Lieutenant Governor, to conduct an inquiry into the £42m collapse of the Savings and Investment Bank in 1982, writes Sue Stuart.

Mr May was a junior counsel in the public inquiry into the 1973 Summerland fire on the island.

The SIB inquiry was approved by the island's government last month. A preliminary hearing will be held on July 25, with the main inquiry expected later in the year. Evidence will be heard in public.

Gambler jailed

AN INVESTMENT adviser who turned to roulette to recoup losses incurred during the 1987 "Black Monday" stock market crash gambled away £1.6m of his clients' money, a Bristol court was told.

Mr Martyn Foster, 32, was jailed for six years after admitting 12 specimen theft charges involving a total of £960,000.

Mr Malcolm Cotterell, prosecuting, said Mr Foster set up in business on his own in March 1986 and preyed on retired people of modest means. The 12 charges "represent the tip of the iceberg because there are over 100 clients who make comparable claims," he said.

Mr Foster's aggregate gambling loss was £1.64m and he had been declared bankrupt with a deficit in excess of £2m.

Mr John Royce, QC, defending, said Mr Foster had lost £480,000 in October 1987.

UK & General

UK & GENERAL Securities, the stockbroker suspended on Thursday for falling below the minimum capital level required under the rules of The Securities Association, yesterday lost an application to have the suspension put aside pending an appeal.

Crisis advice

SEDGWICK GROUP, the largest UK insurance broker, Burson-Marsteller, the media relations firm, and McKenna, the firm of lawyers, have launched a support package for companies that face a sudden crisis such as environmental pollution, extortion or threats to contaminate products.

They say companies that have prepared their response to a crisis before it occurs are less likely to suffer damage to their reputation.

Report price

THE County NatWest WoodMac report on the electricity industry, mentioned in Friday's paper, costs £250, not £2.50

Peers warned on European trade curbs

By John Mason

ATTEMPTS to develop closer trade links between the European Community and the European Free Trade Area countries will largely fail because customs controls at frontiers will remain, Lord Cockfield, the former British European Commissioner, said yesterday.

He was speaking in a Lords debate on the negotiations between the EC and Efta on creating a European Economic Area (EEA) to allow the free movement of goods, capital, services and people between participating countries.

The move has been largely welcomed as a means of extending the liberalisation of European trade without Efta countries having to become full members of the EC and commit themselves to the Common Agricultural Policy and other EC policies.

Lord Cockfield said an EEA would have some economic benefits and increase the political cohesion of Europe, but would fail to achieve its main objective of liberalising trade.

Frontiers and frontier controls had to be abolished for market forces to operate and allow the unobstructed movement of goods and services.

A customs union could be established without Efta countries having to join the EC.

Lord Trefgarne, for the Government, said frontier controls would still be necessary if the EEA went ahead. The EEA would be no substitute for full EC membership, but would benefit all participating states.

Exports in May reach record £8.9bn

By Anthony Robinson

FURTHER EVIDENCE that the domestic slowdown in demand is freeing capacity for exports is provided by the latest trade statistics that show record British exports of £8.9bn in May.

When oil and erratic items are stripped out, export volumes between March and May showed a 1.5 per cent rise over the previous three months, and were 11 per cent higher than the same period last year. The volume of manufactured goods exported in the three months rose to a level 14 per cent higher than in the same period last year.

However, May imports of £10.4bn, little changed from April, indicate that the economy is still strong enough to absorb imports at a significant rate. Omitting oil and erratic items, the latest three-monthly figures showed a 4 per cent rise in import volumes compared with the three months previous. On a 12-month basis, however, import volumes showed a much flatter 4 per cent growth compared with the 11 per cent volume growth shown by exports.

Higher May exports and stable imports produced a visible trade deficit of £1.52bn in May, £0.3bn lower than the April figure of £1.8bn. The current-account deficit of £1.32bn was also lower than the revised £1.6bn deficit in April. The latest three-monthly figures, however, confirm the underlying strength of imports, which showed up in a higher visible deficit for the March-May period of £5.4bn, compared with £4.3bn over the previous three months.

May's overall current-account deficit of £1.32bn reflected a projected invisible trade surplus of £0.2bn, made up of a surplus on private-sector transactions offset by a deficit on government account.

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance	Visible Trade Exports	Visible Trade Imports	Invisibles Balance
1988	-15.0	-20.8	80.8	101.6	+5.9
1989	-19.1	-23.1	92.5	115.6	+4.0
Qtr 2	-4.6	-6.3	22.5	28.8	+1.7
Qtr 3	-6.0	-6.4	23.3	29.7	+0.4
Qtr 4	-4.2	-4.4	25.0	29.4	+0.2
Qtr 1 1990	-4.7	-5.5	25.3	30.8	+0.7
Feb	-1.1	-1.4	8.4	9.8	+0.2
Mar	-1.8	-2.1	8.4	10.5	+0.2
Apr	-1.6	-1.8	8.6	10.5	+0.2
May	-1.3	-1.5	8.9	10.4	+0.2

Invisibles for April and May are projections
All figures seasonally adjusted, they may not add up due to rounding
Source: CSO

Erratic items inflating export values last month included unusually high overseas sales of antiques, while bunching of large aircraft purchases affected imports. Exports of manufactured goods were 2.5 per cent higher in the March to May period, with finished manufactures 4 per cent higher. Imports of finished manufactures were 2.5 per cent higher, while imports of manufactured goods in general were 4 per cent higher.

Exports of cars fell 0.5 per cent, while exports of other consumer goods rose by 3.5 per cent and capital goods by 5 per cent. Imports of cars fell 4 per cent, while other consumer goods imports rose 5.5 per cent, well above the 0.5 per cent rise in imports of intermediate goods used in manufacturing and the 3.5 per cent rise in capital goods imports.

Economic growth rate is revised upwards

By Peter Norman, Economics Correspondent

THE BRITISH economy grew faster than previously reported in the first quarter of this year as isolated violent storms boosted activity in the construction sector.

The Central Statistical Office reported yesterday that its average estimate of gross domestic product after adjustment for inflation rose by 0.7 per cent in seasonally adjusted terms between the fourth quarter of last year and the first three months of this year compared with the provisional report of 0.4 per cent growth on the CSO's output measure of GDP at the end of May.

On an annual basis, the latest figures show that the British economy grew by 1.6 per cent, compared with the earlier estimate of 1.5 per cent.

The figures showed that consumer expenditure in the quarter was 3 per cent higher than a year earlier, a growth rate roughly twice that of retail sales. Retail sales account for only 40 per cent of total consumer spending, with the rest covering services, energy and vehicles.

Included in the service-sector figures are expenditure on items such as catering, car repairs, recreation, medical services, life assurance, tourism and construction charges. Construction spending was helped by the generally mild weather and buoyed by repairs to storm damage, which probably added about half a percentage point to consumer spending in the quarter, according to government officials.

Total domestic expenditure, which includes government consumption, fixed investment and stock changes as well as consumer expenditure, rose 0.6 per cent in the first quarter and was 1.7 per cent higher than a year ago. The CSO said fixed investment was 2.5 per cent up on the final quarter of last year but little changed from the first 1989 quarter, while there was a small amount of destocking in the three months under review.

At current prices, yesterday's figures showed strong growth of income from employment – 11 per cent – in the first quarter compared with the same period last year, reflecting higher wages and increased employment.

The gross trading profit of companies and public corporations combined fell fractionally to £19.4bn from £19.5bn in the final quarter of 1989.

Paint profits decline points to industry performance trend

By Ian Hamilton Fazey

BRITAIN'S paint industry had a poor year in 1989, as productivity stopped rising and profits fell. The slowdown in sales and performance has continued into the first quarter of this year.

The annual performance assessment for the industry, carried out by the Centre for Interfirm Comparison (CIFC) and published yesterday by the Paintmakers' Association, said total sales were up by 3 per cent and prices by 6 per cent, but costs had risen by nearly 9 per cent. More people had been employed, pay rises outstripped inflation and productivity had fallen.

That had eroded profit margins from 8.3 per cent in 1988 to 5.8 per cent last year, causing a 23 per cent drop in aggregate profits to £59m. Profit on net assets in the industry fell from 20.6 per cent in 1988 to 14.2 per cent in 1989.

The sector provides a good indicator of general industrial performance.

Only 23 companies out of the association's 100-plus membership are included in the study, but the increasing concentration of the industry into large companies means those accounted for 75 per cent of the industry's turnover, amounting to 504m litres worth just over £1bn in sales.

The big companies fared worse. Mr John Dixon, of CIFC, said: "All the smaller and medium-sized companies in the survey had better figures. There are some very successful companies occupying niche markets." Performance was good only in exports.

In the industry as a whole, sales volume per employee dropped by nearly 1 per cent, the first fall for five years, partly because the number of employees rose for the first time in 10 years. Price rises pushed up sales value per employee by nearly 6 per cent, but wage and related costs per employee were up 10.3 per cent and costs of raw materials per litre rose 8.5 per cent.

"When compared with inflation for the year of 7.6 per cent, we have to say that productivity has been capped." The great gains and successes of the last few years had come to an end.

The ratio of profit to net assets is now below the 1987 level, while profit to sales is only as good as in 1986.

UK NEWS

Pledge to OFT over timeshare prize adverts

By David Churchill, Leisure Industries Correspondent

HOLIDAY Ownership Exchange, a leading timeshare operator, has given written undertakings to the Office of Fair Trading that it will stop publishing misleading advertisements aimed at promoting timeshare accommodation.

The move follows a threat by Sir Gordon Borrie, Director General of Fair Trading, of legal action to stop direct mail advertising by the company.

Holiday Ownership Exchange is the trading name of Incorporated Management and Finance. The Office of Fair Trading said yesterday that members of the public had complained about receiving personalised mailshots from the company informing them they had received a prize, but having to attend a presentation in order to get it.

"Many who attended presentations at the company's premises in London's Leicester Square were surprised to find that, once there, they were subject to a sales promotion for timeshare accommodation," the OFT says.

They were further disappointed to find that their prize, given at the end of a two-hour sales presentation, was less than expected. Many who complained said that instead of the attractive prize offered they received a voucher entitling them to an award.

The OFT said the vouchers were subject to conditions that made them of limited value or that involved expenditure.

Although "hundreds of complaints" have been made to the OFT and other consumer bodies, no action could be taken by the Advertising Standards Authority because the material was sent through the post.

The OFT used its new powers under the Control of Misleading Advertisements Regulations which came into force in June 1988 under an EC directive on misleading advertising.

Sir Gordon said yesterday: "I am pleased that Holiday Ownership Exchange has undertaken to alter its advertising, but I must make the point, not only to this company but to others, that I do not regard such undertakings as an easy option.

"I am prepared to accept undertakings only if they are in equivalent terms to those I would have sought in the courts and if I am satisfied that they will be adhered to."

The OFT is shortly expected to publish a report into timeshare operators' practices that will call for new statutory regulations into the industry.

It is likely to include a "cooling off" period for people persuaded to buy timeshare properties.

Homeless plan announced

DETAILS of a £15m plan to provide emergency shelters for people sleeping rough on London's streets were disclosed yesterday by Mr Michael Spicer, the Housing Minister.

He told the Institute of Housing's annual conference in Harrogate, North Yorkshire, that the programme would focus on simple, small-scale accommodation using whatever facilities are appropriate and can be made available quickly.

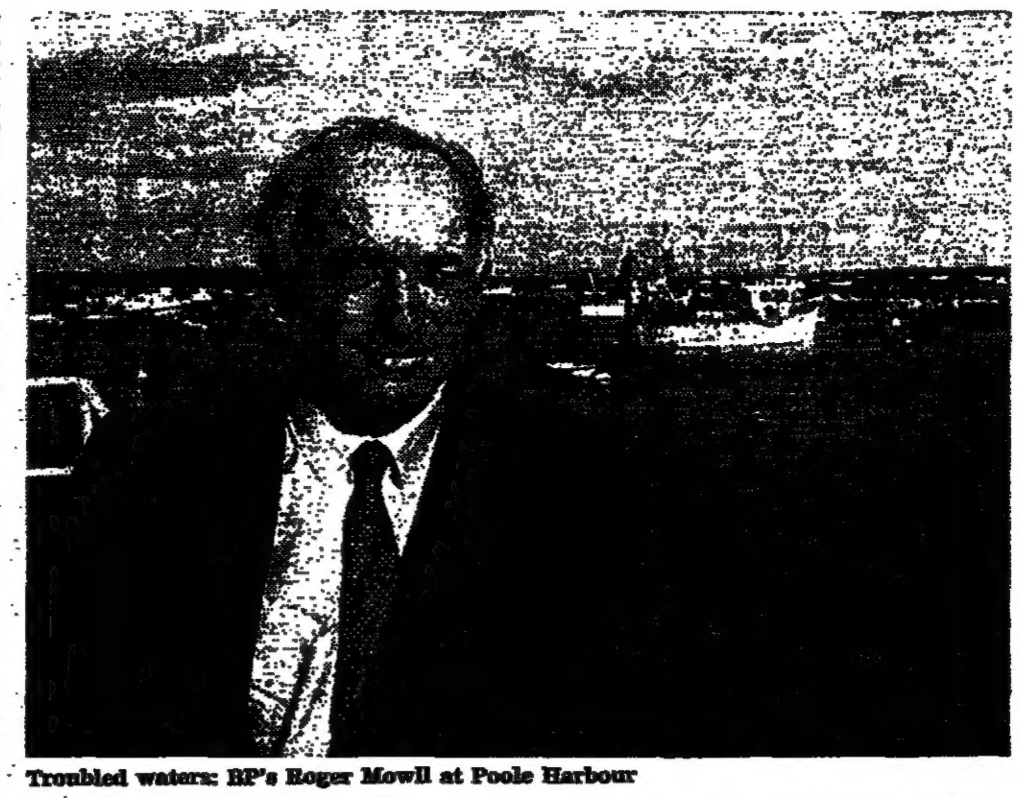
He expected the scheme to be running by the end of this year. It would concentrate at first on London, where the need is most acute. There were no immediate plans to extend it but the Government would consider funds for emergency accommodation and more permanent housing later.

Mr Spicer said: "I do not want these to be magnets which encourage young people to leave home and come to the big cities, but I do want them to be sufficiently well run to encourage those who are sleeping on the streets to use them."

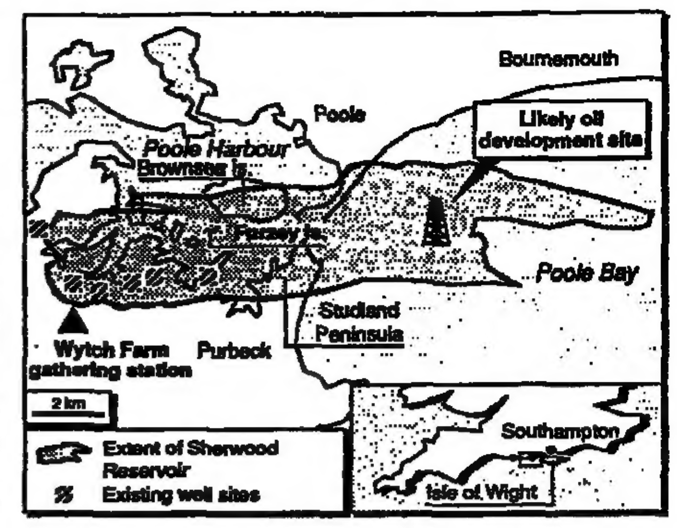
He said he wanted people to move on as soon as possible "to proper hostel places, private-sector rented accommodation or into subsidised settled accommodation."

BP wins local hearts for a big, dirty industry

Steven Butler reports on the arguments over plans to build a platform in the middle of Poole Bay



Troubled waters: BP's Roger Mowll at Poole Harbour



FROM the top of the Bournemouth cliffs it is a beautiful view across the clean waters of Poole Bay to the nature reserve on Studland Peninsula and beyond to the undulating hills of the Isle of Purbeck.

Within a few years, that unobstructed view will be gone. British Petroleum is almost certain to build an oil platform in the middle of the bay, at the heart of a popular holiday resort and retirement community and on the doorstep of one of England's most important nature conservation areas.

Such a thing sounds impossible at a time when concern for the environment has become dominant. Yet among the groups affected – fishermen, conservationists, local-authority planners, tourism groups – serious opposition is thin on the ground.

Mr Brian Hosker, vice-chairman of the Bournemouth Private Hotel and Guest House Association, terms the move "a desperate act" of desecration. His association represents 500 hotels, most of them small. However, the association is almost alone in its outright opposition to any oil production in the bay, arguing that revenue from tourism – £250m a year in Bournemouth alone – is greater than potential oil income.

BP's success in winning over the local community – or at least neutering the opposition – ranks as a world-class achievement and proves it is possible for a big, dirty industry to live next to a community that wants nothing of the sort. It is all the more remarkable since BP contributes virtually nothing to the local economy.

Miss Helen Brotherton, who chairs the Dorset Trust for Nature Conservation, says: "I was quite prepared to dislike them when they first came here." She adds that BP has won over the local community with a disarmingly successful public-relations strategy. Miss Brotherton is an elderly lady with a passion for birdwatching and sailing. She lives in a house overlooking Poole Harbour and the nature reserve on Brownsea Island.

"We'd sooner not have anything at all," she admits, but: "We've gradually found that everything they say they'll do, they'll do. They've never seemed to try to hide anything."

BP has funded scientific research on the local environment on a scale that far exceeds what was strictly required. "They've found out a lot more than we naturalists have in 40 years of work," Miss Brotherton says.

BP took over management of the onshore Wytch Farm oilfield development from British Gas in 1984. The field will move into full production this summer. Producing 60,000 barrels a day and costing about £400m to develop, it is Europe's biggest onshore development. Yet there is almost nothing to see in Dorset.

BP hid a large oil-gathering station behind a forest, while the main well site on Furzey Island in Poole Harbour is invisible from the water behind a screen of trees and shrubs. A pipeline installed through a lowland heath, designated as a site of special scientific interest, is now invisible. BP saved the turf and it was replaced where it was dug.

When BP discovered that the field extended far offshore, however, it became inevitable that the next phase of development would be painfully visible from many miles around, from the Isle of Wight round to the Isle of Purbeck.

Mr Roger Mowll, development director at Wytch Farm, says that what happens offshore cannot really be screened. He spends at least a third of his time in community relations work and with his relaxed demeanour, thinning grey hair and bright blue eyes he looks like an impossible-to-disbelieve, kind uncle.

Part of his job is to listen to everyone's complaints and convince them he takes them seriously, even if he disagrees.

"He thinks we've all got the right to our opinions," says Miss Brotherton, with a hint of amazement.

BP defined the terms of the debate from the start in February, when it put forward six options for development of the offshore field and started consulting interested parties.

Ms Jackie Croft, oil advisory officer at the Nature Conservancy Council (NCC) in Wareham, says: "That deflected the argument away from whether we should have it in the first place. They have got a very good PR machine."

An artificial island, with about 15 acres of surface area, is the one development concept to which almost everyone else is gravitating.

The primary consideration for all six schemes is how to prevent an oil spill. Beyond that is the impact on the area's environmental balance, the bird, plant and animal life, the effect on commercial fishing and boating and particularly the visual impact.

Anything that goes in will stay for at least 25 years and possibly much longer. That is one reason the NCC does not like the island scheme. BP says that if it must, it will remove everything it puts in when it leaves, but many people suspect that an artificial island would end up staying at the end of oil production.

That does not necessarily bother Miss Brotherton, or Ms Liz Roberts, of the National Trust, which owns the Studland nature reserve, provided the island would eventually become a non-commercial natural reserve.

"What we have to do is see that the bits we look after are not damaged," Ms Roberts says.

The NCC also objects to the island scheme because it would take up a large part of the bay, causing disruption to nature and possibly changing tidal flows and sand movements.

BP agrees – quite reasonably, as usual – that questions remain about the island that might eliminate it from the list of options. However, it is confident that, within a few months, computer simulations of the bay will show clearly what impact it would have.

The NCC prefers the idea of a small steel or concrete structure that would be serviced by a mobile rig. The rigs likely to be used to service such a structure are enormous and their regular movement in and out of the bay would be disruptive and unsightly.

That aspect worries tourism officials. Mr Ken Male, head of Bournemouth Department of Tourism, says: "Bournemouth is a resort where appearance is very important. The idea of having a jack-up rig for 25 years is not an attractive option. Visually, an island could be made to blend in."

Most groups prefer the island because of what they see as better protection from an oil spill. The island would have a large catchment area around the wells and a secondary catchment area in a tiny harbour that could be sealed off by booms. An island could also absorb the impact of a collision with a ship, eliminating the need for a 500-metre exclusion zone round it.

The fishermen like this because they would lose less fishing ground and they are afraid that big rigs moving in and out of the bay might foul up fixed fishing gear. They are keen on getting BP to clad the island to provide breeding grounds for fish and shellfish.

Mr Mark Whitley, who runs the the Southern Sea Fisheries District Fishermen's Council, says the fishing community and BP have had a good relationship since the company arrived because BP has taken the trouble to make it so.

With such views widespread, Mr Hosker, representing the hoteliers, says it is difficult to get the opposition message across. An artificial island of the size proposed would mar the landscape, dominating the entrance to Poole Harbour.

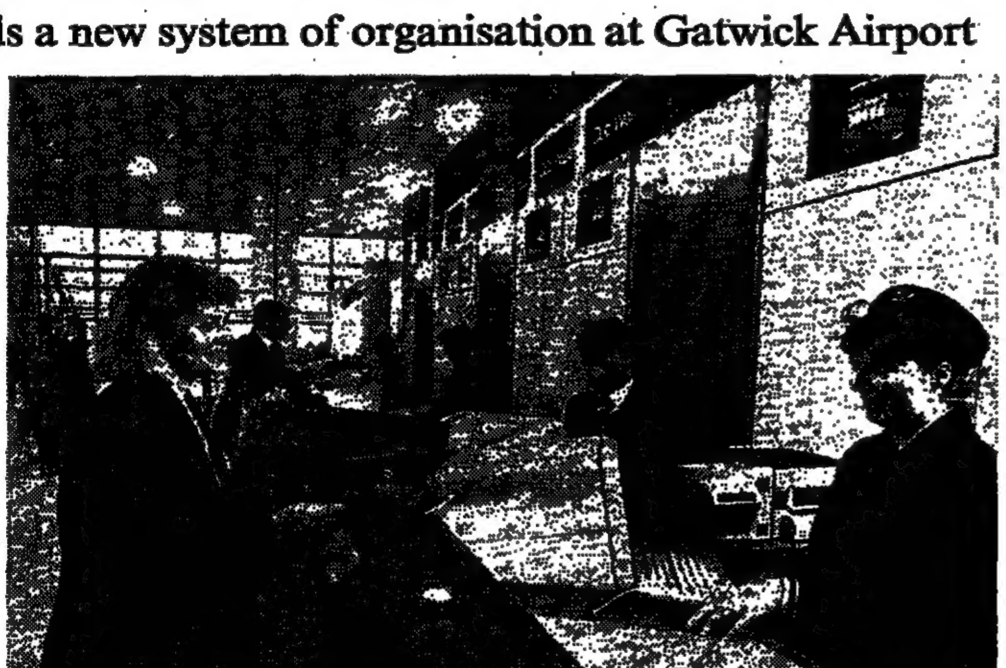
The Standing Conference on Oil and Gas Exploration in the English Channel, representing a group of local authorities, will give its views on Monday.

Mr Mowll says the decision to proceed with development was a national policy, for which BP was merely an instrument. His job was to make it workable in Dorset. "You need to see yourself as a small part of the history of the area in which you are working." But he warns: "It will not make everyone happy. It is not a democratic process."

EMPLOYMENT

Workers keep themselves in check

John Gapper finds a new system of organisation at Gatwick Airport



Responsibility: before the new system staff had felt efforts were not being recognised

The smiling British Airways staff checking in bags in the North Terminal at Gatwick Airport are more worried than they look these days. Since March, they have not been able to rely on supervisors to tell them what to do.

The change to working in teams which are unsupervised for large parts of their shift is intended to increase the staff's work satisfaction and to improve the service they give customers. However, the responsibility has also brought its cares.

"The first few weeks, I went home each night a nervous wreck," said Ms Liz Nicoletti, a BA customer service agent for 11 years, "I was worrying about whether there were people on the desks and who was doing what."

Ms Nicoletti was feeling a bit calmer yesterday. But she is still having difficulty coming to terms with being part of a team of 16 people who must organise themselves rather than simply being in a pool of 210 staff.

After a briefing at the beginning of each 8¾-hour shift with the leaders of the teams – known as customer services executives – the members of the team are assigned to a zone in the check-in area and left to control it.

The notion is a novel one for many of the staff, who were previously more tightly controlled.

They used to be responsible to a group of 22 supervisors and underneath them to 18 "allocators." Allocators were the equivalent of foremen – who told them where and when to work.

Since March 25, when the scheme started, there have been considerable teething problems.

Mostly, they have been caused by a lack of staff - about a dozen extra full-timers were needed, and staff turnover has led to shortages.

About 170 of the agents working in the check-in section of BA's passenger services division at Gatwick are women. Some of them believe that the idea of working in teams is a good one, but are disappointed by the way in which it is working in practice.

"I think the idea is a good one, but we were sold it as being beneficial to us and it is not like that at the moment," said Ms Pauline Scales, sitting at a desk in one of the three check-in zones for charter and scheduled flights.

Others are harsher still. Mr Alan Peckham, who was working next to Ms Scales, thought the idea of splitting the check-in staff into zones was divisive and would lead to rivalries that would damage service.

But managers and supervisors are less despondent. They say that peer pressure has already led to agents supporting each other rather seeking informal breaks. There was an agent at nearly all the desks yesterday morning.

It is still a frustrating time for BA's management at Gatwick Airport. They point at the unhappiness and low morale caused by the previous working practices – according to staff attitude surveys – but the new system is still bedding down.

One of the frustrations is that, unlike the proposed change to 12-hour shifts for engineers at Heathrow which caused an unofficial strike there, the team-working idea is not intended to save money. Instead, it is about quality.

The origins of the changes lie in the move to the new North Terminal in spring last year, which coincided with the takeover of British Caledonian by the BA. Caledonian was then re-launched as the charter wing of BA.

Ms Laura Rowe, passenger services manager at Gatwick, says that the moves left unsolved problems of merging the differing cultures and working practices of check-in staff who had worked separately for BA and Caledonian.

The attitude survey carried out last March disclosed a low level of morale, said Ms Rowe. The staff felt their efforts were not being recognised, they were being treated like children, and were not given responsibility.

Managers attributed much of this to the heavily supervised working system, where the staff simply waited to be instructed about their tasks. "They had a very strong feeling of them and us," said Mr Peter Cole, one of the 27 new customer service executive.

Ms Rowe was also convinced that service to customers would be improved if the staff felt better about the way in which their work was organised. She referred to the results of a study of staff at work in banks in the US.

BA management had set up a study group of managers, supervisors and agents which looked at team-working experiments in other companies, including US carriers. This group devised the model which was put into practice in March.

This allows for 27 customer service executives handling 18 teams of agents.

On any morning, there should be one team for each zone of check-in desks, plus two teams working beyond the customs control point.

The system also includes a plan for one "day relief" team to fill in for absences in other teams, and a "quality team" with the responsibility for looking at how the rostering is working and thinking of ways the service could be improved.

In practice, BA has not yet managed to recruit enough people to put a "quality team" in place.

It has suffered from the high employment levels in the Crawley area which means that employers must compete vigorously in order to recruit staff.

But Ms Rowe can detect some hopeful signs already. She says there is no longer a queue of agents outside her door with complaints about their allocators.

Clear lines of responsibility have been established and are operating.

She believes the check-in teams, which have to handle a throughput of about 10,000 passengers daily, will start to work more effectively when the summer rush eases and there has been time to fine-tune and get used to the system.

"It was risky to do it, but it would have been risky not to do it because morale was so low," she says, "If we had not made a change, I don't think we could have reached the level of customer service we have declared for ourselves."

Agency claims 61,000 new jobs in mining areas

By David Thomas, Resources Editor

MORE THAN 61,000 jobs have been created in mining communities by British Coal Enterprise (BCE), according to its annual report published yesterday.

BCE, the job creation agency of British Coal, was formed five years ago to cushion the effect of job losses in the mining industry. It has a network of 79 managed workshops offering support and advice to new start-up businesses in mining areas.

Recent schemes it has introduced include an equity package for businesses which are too small to gain access to the venture capital market and "skill shops" for employers with difficulties in recruiting skilled workers.

BCE says that it has created about 50,000 jobs in mining communities, with roughly another 12,000 in the pipeline.

It has spent £60.6m on its job creation projects. Other organisations, public and private, have provided additional funding of £404.6m, bringing to £465.2m the total amount of money spent on projects supported by BCE.

Some £16m in loans has already been repaid, with repayments now averaging £600,000 a month. This money is recycled into funding start-up businesses, with a majority of jobs in manufacturing, BCE says.

Mr Tony Hewitt, BCE chief executive, said: "We set ourselves a target of 100,000 jobs by 1994, and we are bang on course and determined to achieve that objective, which to many seemed a tall order."

Mr John Wakeham, Energy Secretary, praised BCE's efforts and said that unemployment levels in coalfield areas were now falling faster than elsewhere in the country.

NHS ancillaries vote to accept a 7.8% pay rise

NATIONAL Health Service hospital ancillary workers yesterday voted to accept a 7.8 per cent pay rise backdated to April 1 in spite of a recommendation by one of the unions involved to reject the offer, writes Diane Summers.

Cohse, the health service union, had urged members to turn down the increase. However, along with the other three unions involved in the Whitley Council talks, it had made it clear that the offer was the best that could be achieved through negotiation. Rejection would have meant a commitment to industrial action.

Nupe, the public service union to which the majority of the 180,000 ancillaries belong, made no recommendation. However, Mr Roger Poole, Nupe national secretary and chief negotiator for the trade union side on the council, called pay scales reform.

"Our members have given us notice that this is the last year they are prepared to take pay rises that do not match inflation," he said, announcing the two-to-one ballot result in favour of acceptance.

The weekly pay of ancillaries, who include NHS domestics, cooks, porters and laundry staff, will rise for non-supervisory grades by £8.45 to between £101.28 and £117.72. Supervisory grades will get an extra £9.90, increasing pay to between £115.55 and £131.35.

Engineers call for equal pensions

THE Engineering Employers' Federation yesterday called for the Government to state its intentions for equal state pensions ages for men and women following a recent ruling in the European Court of Justice.

Mr Peter Ball, EEF director of operations, said the organisation is seeking an urgent meeting with Mr Tony Newton, the Social Security Secretary.

The EEF said the decision meant that all companies having contracted-out occupational pension schemes, and different early pension ages for men and women on redundancy, had to equalise them to avoid unlawful discrimination.

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An outbreak of prudence

ONE OF the enduring peculiarities of credit markets is that bankers can do quite as much damage when they behave prudently as when they are profligate. That no doubt helps explain why Federal Reserve Board Chairman Mr Alan Greenspan has been so anxious this week to deny the existence of a credit crunch in the United States. Hence, too, the repeated attempts by the US Comptroller of the Currency Mr Robert Clarke to reassure businessmen, bankers and politicians that his army of watchdogs is not putting a regulatory clamp on the banks.

There are few more contractionary influences on an economy than credit deflation; and while that is too strong a description for what is now happening in the US, where short-term business credit grew at an annual rate of more than 6 per cent over the past six months, it would be foolish to ignore the modest outbreak of caution that has been sweeping through the banking system. After a plethora of bad debts, first in Latin America, then in US real estate, the banks are pulling in their horns with predictable consequences for less creditworthy businesses.

Nor is this sudden outbreak of prudence confined to the American banks. British bankers have become noticeably more cautious in property lending in the UK, preferring investments that generate an existing rental income to developments that have yet to yield any revenue.

As for the West Germans, they appear to have learned something from their earlier losses in Eastern Europe. Deutsche Bank and Dresdner Bank, which have emerged this week as leaders of a syndicate to provide DM 5bn (£1.7bn) to the Soviet Union, have won federal government guarantees for a loan that makes greater political than commercial sense. With all-German elections now promised for December and the international implications of unification under discussion in the "2 plus 4" talks between the Germans and the four wartime allied powers, a DM 5bn loan becomes the instrument of a wider diplomacy. Unlike his British opposite number, Mr Helmut Kohl has no ideological inhibitions about such public sector financing.

Substantial flow

Looked at from a macro-economic point of view, none of this looks too unhealthy. There is a need for a substantial flow of capital to the eastern bloc (though as a general principle it would be sensible if the flow were conditional on specific economic reforms and IMF-backed programmes). At the same time the Japanese economy continues to grow at a cracking pace and its trade surplus has declined substantially. Against that background, with global savings suddenly in short supply, it would be worrying if the US economy were not moving onto a slower growth tack. The consequences for global interest rates would otherwise be very uncomfortable.

Intriguing question

The more intriguing question is whether international markets are making the right judgments about these huge changes in the direction of capital flows. There is a great deal of nervousness, for example, over the impact of unification on German fiscal and monetary policy. Yet we know that public and private capital flows to East Germany will ultimately generate very high returns, whatever the short term disruption when economic union is formally initiated on July 2.

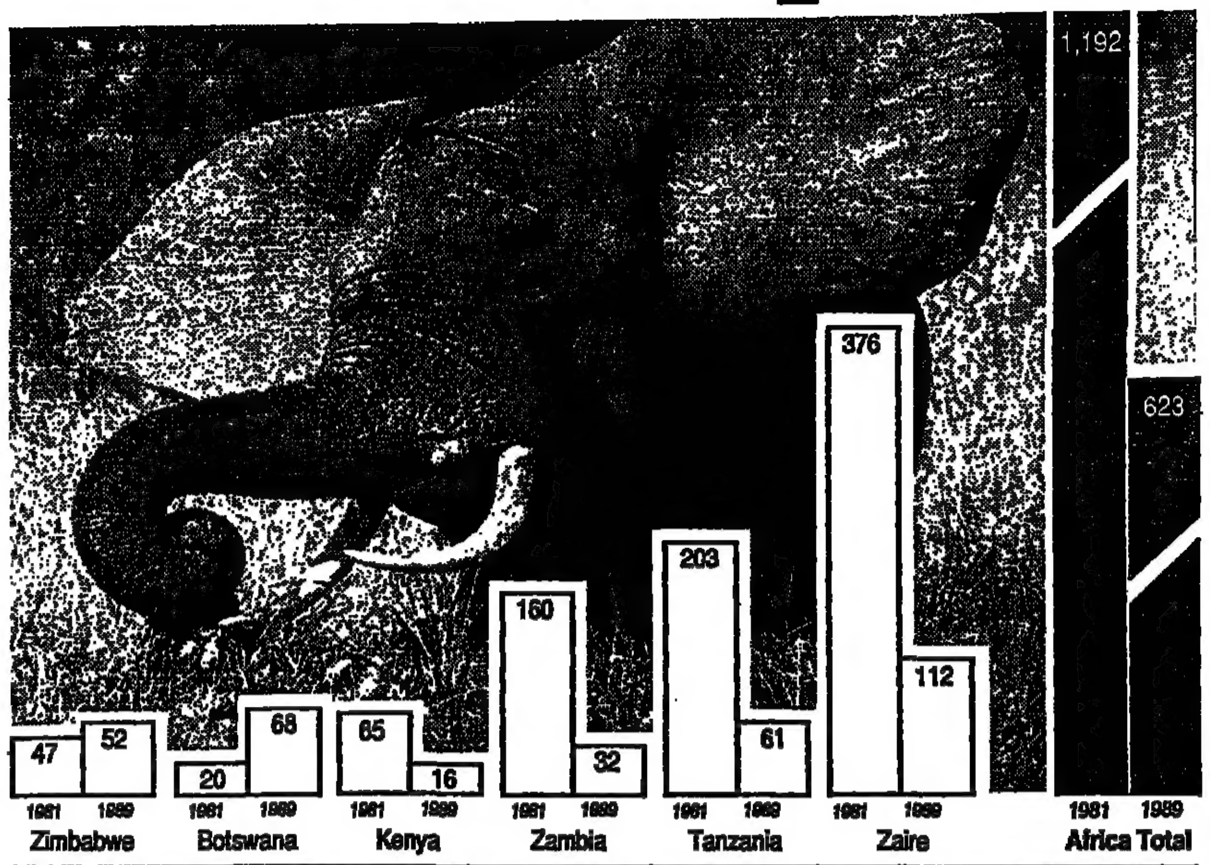
In contrast, the markets have been exceptionally relaxed about a US president who is better at turning down Marshall Plans for eastern Europe than tackling the spiralling US budget deficit in his own back yard. The cost of the public rescue of bankrupt savings and loans (S & Ls) has by now soared to awesome levels. And while the impact of the S & L's original losses, in demand terms, is a matter of history (and thus reasonably excluded from the budget deficit), the ongoing interest payments on the rescue have to be funded by issues of US Treasury paper. Unlike the IOUs that finance the redevelopment of East Germany, those Treasury bond issues will do nothing to help generate new revenues to service the debt.

That is not to say that imprudent borrowing and lending decisions will henceforth be the exclusive prerogative of politicians. America's biggest bank holding company, Citicorp, is now under pressure from institutional shareholders for its lacklustre profits, poor lending record and stretched balance sheet. It is reported to be looking for tripled earnings by the mid-to-late 1990s. That forecast is scarcely compatible with a credit crunch; and the sceptics will no doubt argue that it cannot be attempted without the kind of gung-ho risk-taking that characterised Citicorp's adventures in Latin America, US real estate and leveraged buy-outs.

The lifespan of the present outbreak of prudence in US banking may prove to be shorter than the pessimists fear.

FT writers examine the sharp decline in the slaughter of elephants following a worldwide ban on ivory trading

A lifeline for the African elephant



Decline of the African Elephant (figures in thousands)

Source: The African Elephant, Joanne Burgess, London Environmental Economics Centre

Rotting elephant carcasses still dot the wild scrubland deep in Kenya's vast Tsavo game reserve where gangs of marauding poachers have massacred scores of animals to quench the worldwide lust for ivory.

Their collapsed corpses stand out against the knee-high yellowing grasses. Folds of wrinkled grey skin are withered or decomposed against the huge sun-bleached skulls and piles of bones. The marks are still visible where Somali poachers have hacked out the tusks with axes, machetes and mechanised chainsaws.

At the Park headquarters the sturdy, padlocked iron door to the trophy room is smeared with the muddy imprints left by the trunk of an orphaned elephant whose mother was gunned down last year. Inside lingers the putrid stench of more than 400 tusks piled up among lion, leopard and zebra skins, rusty traps and snares.

The tusks, worth about $500,000 at the peak of the ivory trade, have been found in buried caches or confiscated from poachers by park wardens in the last 18 months. They represent the devastating carnage of elephants in Tsavo, where the population has been slashed by poaching from 35,000 in 1973 to about 6,000 today.

At least two elephants were being butchered a day last year as ill-equipped rangers with worn out Land Rovers and ancient single-bolt action .303 rifles battled hopelessly with poachers armed with automatic G3 and AK47 rifles, bazookas and rocket propelled grenades.

"It was hell," Mr Stephen Gichangi, head warden of Tsavo, said at his office yesterday as camouflaged helicopter gunships, recently lent by the army, buzzed overhead.

Kenya was one of the African centres of a complex ivory trade which by the middle of the 1980s was believed to be worth about $600m, including the value added of the carving and retail industries. In 1986, the peak of the trade, more than 80,000 African elephants were slaughtered.

But Mr Gichangi says that elephant slaughter and contacts with poachers have plummetted in the past six months in the 11,665 sq km park he describes as a "country".

Tsavo's recent experience is replicated nationwide. According to Dr Richard Leakey, the workaholic director of the Kenya Wildlife Service, about 12 poachers have been killed in the past five months and less than 15 elephants slaughtered. And this during the rainy season, traditionally the height of poaching activity. Last year, more than 300 elephants were killed in Kenya.

Both men attribute the turnaround to the worldwide ban on ivory trading which was agreed by the 103 nation Convention on the International Trade in Endangered Species (CITES) last October and which came into effect in January.

"The ban has definitely been a success and we are seeing its effects in Kenya," said Dr Leakey. "The price for ivory paid to the poacher from the first buyer in the chain has hit rock bottom at about $2-$3 per kilogramme, down from $40-$60 last year."

The ban is working because it has choked off demand in east Asian countries, notably Japan which has traditionally consumed about 40 per cent of the world's ivory exports.

The words "Sunamoto Ivory" will soon be scratched from the pink elephant logo on the door of Tokyo's oldest ivory dealer and be replaced by the inoffensive "Sunamoto Co" in a small contribution to ecological awareness in a country trying to kick the ivory habit.

Mr Seiichiro Sunamoto, whose grandfather opened the Ginza store in 1884, is shifting away from the mass-market staples of the Japanese ivory dealer, personal seals and chopsticks, and concentrating more on miniature carvings, which will stretch out his company's ivory stocks for about a decade.

Fondling a stick of imitation ivory made in the US, Mr Sunamoto said yesterday the treated plastic looks the same, feels the same, and weighs about the same as a stick of ivory, but "it isn't ivory and has image problems in Japan."

As every Japanese family is supposed to have an ivory seal for official business, and his-and-her ivory chopsticks are thought an ideal wedding gift, the country used to import as much as 470 tonnes in a year. The Japanese Government imposed an import ban in January, with some reluctance, partly because the ivory industry employed about 30,000 people.

Reluctant or not, the ban has had a devastating effect in Hong Kong, one of the main ivory carving centres. Prices have fallen by between 30 per cent and 50 per cent and sales have slumped to 3.7 tonnes in the past five months, a tiny fraction of previous business which totalled some HK$250m in exports annually. Some 1,200 carvers are being put out of work, and several hundred trading businesses and shops have no long term future. Hong Kong's limited exemption from the CITES trade ban, introduced to help the colony dispose of its large stocks, runs out next month.

Retailers like the Ng family, which has a packed shop called Tack Cheung Ivory Factory in the centre of Hong Kong, now have to rely on local sales for their wares, which include a HK$1m 6ft-high intricately carved incense burner casket, complete carved tusks priced at HK$300,000, as well as faster-selling chop sticks and necklaces from HK$250.

Around the corner at the Tach Wing Ivory Factory shop which reports continued buying from Taiwan, there is a model of a 2ft long junk for HK$100,00, or a selection of Kama Sutra copulating couples ranging from the smallest at HK$280 up to HK$8,000 or more. "The couple separate, see!" said the young salesman, selecting one HK$7,800 contortion.

By Julian Ozanne in Nairobi, John Elliott in Hong Kong, John Ridding in Seoul, Robert Thomson in Tokyo and David Thomas in London

"We had 30 or 40 carvers working in our factory till a few months ago, now there are only one or two," says Mrs Ng, whose family has been in the ivory business for three generations. "The rest have gone on to other jobs, some in the construction industry and some in restaurants. We'll stay here and sell our stock gradually."

But conservation experts fear that new markets may emerge to take the place of the traditional ivory centres. "Our main concern is that if new markets rapidly develop then this could send a signal and poaching could pick up again," says Mr Jorgen Thomsen, a director of Traffic, a Cambridge-based group financed by the World Wildlife Fund for Nature, which monitors trade in endangered species

South Korea, which is not a CITES signatory, is regarded by conservation groups as one such potential new outlet. "South Korea is becoming increasingly wealthy and may follow a similar pattern to Japan where rising financial power led to a boom in ivory consumption," says Mr Thomsen.

South Korean customs officials confirmed yesterday that ivory imports had jumped almost a hundred-fold last year to 28,828kg, with much of the shipments coming at the end of the year. The officials say that almost all the ivory came from Hong Kong, which could account for some of the 200 tonnes of ivory stocks which have dropped out of official Hong Kong figures since September without adequate explanation.

But Korean officials, who say that the country is preparing to join CITES, are sceptical about the prospects for the domestic ivory market. "We do not have a big market for ivory," says Mr Kim Eae Gup of South Korea's customs administration. "Koreans prefer gold and pearls and do not use ivory name stamps as much as the Japanese."

Nevertheless, the ingenuity of ivory traders in seeking out new outlets for their goods has prompted some experts to argue that the ivory ban should be a transitional expedient. Indeed, in Japan, the ban has already created a thriving black market and a surge in prices for genuine ivory "hanko" or seals, now around Y90,000 for a standard block, compared with Y30,000 last summer.

"Over the long-term, a ban will not solve the elephant problem, because the trade will continue to exist by going illegal," says Ms Joanne Burgess, a research associate at the London Environmental Economics Centre and author of a study on the African elephant.

Professor David Pearce, environment adviser to Mr Chris Patten, the UK Environment Secretary, will shortly publish a book he has co-authored which backs the idea of controlled trade in ivory.

This would give African countries the economic incentive to carry out the heavy investment needed to protect their elephant populations – an approach already followed with some success by southern African countries like Botswana, South Africa and Zimbabwe.

Mr Thomsen at Traffic agrees that controlled trade might provide the ultimate solution to the elephant problem, although he argues that the ban should remain in force for a considerable time to allow the elephant population to recover.

For although experts stress that it is too soon to reach a definitive judgment, all the signs are that the ivory ban is working. And, according to Dr Iain Douglas-Hamilton, a leading expert on the African elephant, one of the main reasons is that consumers have been turned against ivory products by recent campaigns around slogans like "only elephants should wear ivory."

This ability to mobilise consumer consciousness explains why an earlier CITES ban on trade in the skins of spotted cats like leopards and tiger broadly achieved its objective, whereas a similar ban on trade in rhino horn, widely used as a medicine in east Asia, has been much less successful.

An attempt may be made to relax the ban on ivory trade at the next CITES meeting in 1992 in Japan. But in Kenya, scene of one of Africa's most successful transformations in wildlife conservation and anti-poaching activity, there is a widespread view that reopening even a partial ivory trade would be dangerous.

"It would be disastrous," said Dr Leakey. "It would be the key to reopening the whole problem because once part of the trade is legal and so long as there is demand, illegal ivory will inevitably find its way onto the market. Our preference is that the ban on the ivory trade should be indefinite with a commitment to review regularly."

Meanwhile, the traditional ivory centres of east Asia are trying to come to terms with the collapse of the trade. In Hong Kong, about 300 carvers are about to learn to carve bone on a two-month government-sponsored retraining course, while in Japan the search is on for an acceptable alternative to ivory.

One company claims to have found a suitable formula based on egg shells, and another has used a polystyrene base. Yamaha, the world's largest maker of musical instruments, is replacing its ivory piano keys by keys made from synthetic resins.

Wanting to keep the carving industry alive, the Ministry of International Trade and Industry (Miti) is studying the possibility of large-scale imports of mammoth tusks from burial grounds in Siberia. Limited imports began last year, but Japanese customs officials have already found African ivory in supposed shipments of the tusks, which are of inferior quality.

MAN IN THE NEWS

Sir Michael Butler

Nervous banker enjoys a wider currency

By David Lascelles

To be known as "the man behind the hard Ecu" may not be the most elegant title in the world. But it is one in which Sir Michael Butler can rejoice at the end of a week during which the UK has inched another grudging step towards European unity.

When Mr John Major, the Chancellor, elaborated his ideas on European currency on Wednesday, he readily acknowledged his debt to the ex-Whitehall mandarin turned merchant banker. Specifically it was to a report which Sir Michael prepared earlier this year showing how the Ecu could be "hardened" from its abstract state into notes and coins that people could actually use.

The proposal did not get an overwhelming reception in the City – most people thought it too complicated even by the arcane standards of EC monetary issues. But it was a fitting contribution from a man who describes himself as an unabashed believer in European unity – and in the need for the UK to pitch into the European debate. He said yesterday that he was "enormously pleased" to see his ideas taken up.

The EC has occupied most of Sir Michael's waking hours for nearly 30 years (apart that is from his other consuming passion, Chinese porcelain). As one of the Foreign Office's foremost officials on the European front, there cannot be a single aspect of the UK's relations with the Community to which he has not, at some stage or another, turned his mind.

As a young diplomat, he sat in on the early entry negotiations under Edward Heath; after Britain's entry he handled relations from London; and finally rose to the position of the UK's Permanent Representative in Brussels, effectively Britain's ambassador to the EC.

He describes the position as "the nearest thing to slavery" because he was expected to brief as many as seven visiting UK ministers a day on everything from exhaust emissions to the wine lake. But it was also "passionately interesting" because he was actually helping shape the structure in which he had such strong beliefs.

After retiring in 1985 he elaborated his views into a book "Europe – more than a Continent", and embarked on a new career as director of Hambros, the merchant bank, and chairman of the European strategy board of ICL, the computer company.

Sir Michael is less formidable to meet than he sounds. His build is slight and his voice thin. He also has a nervous manner which sets him rolling his tie round his finger or shifting in his chair as he speaks. But behind the glasses, the eyes have a sharp stare, and his utterances have the sureness of one with long experience of the inner realms of power.

As countless Eurocrats and European leaders have discovered, he can be acerbic and outspoken if he chooses. He is also enormously persistent, to the point, some say, of tiresomeness, and was not know for suffering fools gladly.

But these are obviously qualities which have earned him the respect of Mrs Thatcher. The two of them fought side by side during the great campaign in the early 1980s to reduce the UK's contribution to the EC budget, and he was at her elbow at many stormy summits. They share a taste for debate and argument, and still meet occasionally. The last time was on April 20 when Sir Michael presented his Ecu idea to her. "She always pays attention to your arguments," he says.

His collection of Chinese porcelain is now world famous, and Sir Michael himself has become a great authority on the subject. He specialises in a brief period in the 17th century when China had no dynastic rulers, and craftsmen were free to pursue their own tastes.

He relishes the sense of artistic release in this period – a refreshing contrast, no doubt, to the pressures of EC diplomacy. If he was briefly absent from European Council meetings (which rotate among the different capitals of Europe) it was probably because he had slipped out to make another purchase. He keeps the collection in his West Country home.

The initiative for the hard Ecu came from Sir Michael's chairmanship of the European Committee of the British Invisible Exports Council, a body set up with the encouragement of the Bank of England to get more minds thinking on European business and financial issues. Sir Michael was worried that the UK's standoffishness on monetary unification was in danger of isolating it within Europe, and of damaging the City's position as a prime financial centre.

His civil servant's mind was also bothered by the lack of detail in the more advanced stages of Delors plan for EC monetary union which he wanted to fill with some "nitty gritty." He says: "Anyone who ignores the nitty gritty is likely to land us in disaster." He had heard of some work which Mr Paul Richards, a director of Samuel Montagu, was doing on the hard Ecu and felt this could be worked up into a constructive proposal.

So he got together with him last winter, and together they brought their report to fruition in March. The nub of their plan is the creation of a European Monetary Fund which could transform national currencies into Ecus, which could be used alongside the franc, sterling, the D-mark and so on. This would be based on principles laid out in a Charter which all member states would be bound to respect.

The virtue of this idea, Sir Michael maintains, is that it would bring the maximum benefits of monetary and economic union, but at the lowest cost in terms of transfer of power from national governments to the new central monetary authority. "For ease of life, it's obvious that having a single currency is highly desirable," he says. "We think the hard Ecu will come to be used by ordinary citizens."

Ideally, he would like to see bank notes being issued with their Ecu value on side and the national currency on the other. Most of all, he would like to see each of the EC currencies redesignated so that they all equal one Ecu.

National governments would, of course, have to transfer power to the EMF, and Sir Michael sees Mrs Thatcher having problems with that. But this is where he parts company with her: "I go a long way with her approach, but I don't think she takes enough account of the transfer of sovereignty that has already taken place." Ultimately, Sir Michael's goal is clear: "Europe is going to unite and Britain has a natural vocation to be part of it."

But this weekend he will be thousands of miles from all that. More than 100 pieces from his precious porcelain collection were on their way to New York where they are to be exhibited at the Frick Museum. And he took a flight yesterday afternoon to join them.

The press on a slippery slope

Raymond Snoddy says the report of Mr David Calcutt on privacy marks a watershed

Mr David Calcutt is a quiet lawyer with a passion for music who combines the chairmanship of the City of London Panel on Takeovers and Mergers with being master of Magdalene College, Cambridge.

He is also the man the Government increasingly turns to when it wants a rapid, robust inquiry into a tricky area of public policy.

Mr Calcutt's tasks at the moment include assessing what compensation should go to the Guildford Four for 14 years spent in prison for an IRA bombing they did not commit, and deciding whether Mr Colin Wallace, a former Northern Ireland security officer who made allegations of misconduct by the security forces, was unfairly treated as a result.

But Mr Calcutt's most significant piece of inquiring so far will probably turn out to be his Report of the Committee on *Privacy and Related Matters* published on Thursday – a watershed in relations between both the press and the public and the press and the law.

Debate is likely to intensify over the report's unanimous recommendation that a new Press Complaints Commission should replace the existing Press Council, a commission that would be transformed into a statutory tribunal if the "final chance" for self-regulation was seen not to be working. Even more controversially, Calcutt recommended the creation of criminal offences to prevent physical intrusion by journalists in people's homes to obtain information, take pictures or record conversations without consent.

The proposed laws would mark a clear breach with the past and with a British tradition that journalists have no more legal rights than citizens – but no fewer either.

As Mr David Waddington, the Home Secretary, conceded yesterday, if such laws, which he supported in principle, were introduced, it would be the first time in peacetime since the 17th century that there were such executive controls over the actions of the press.

Despite the fundamental nature of the recommendations of Mr Calcutt and his committee and their potential impact on both the future of the press and press freedom the Master of Magdalene stayed firmly in Cambridge on Thursday, addressed no press conferences and spoke to no newspapers.

He did, however, give one interview – to Hard News, Channel 4's programme on the press. In it Mr Calcutt made clear that the case of Mr Gordon Kaye, the comedy actor who stars in the BBC series 'Allo 'Allo, and the Sunday Sport newspaper had been a crucial factor in deciding whether the law on privacy should be changed.

Reporters from the Sunday Sport – whose "exclusives" have included Second World War Bomber Found on The Moon and Elvis (Presley) Is Alive – entered Mr Kaye's hospital *room* where he was recovering from serious injuries caused when a piece of wood crashed through his car windscreen and pierced his brain during January's storms. *Appeal Court judges finally* ruled that there was no law in England to prevent publication of the Kaye pictures and interview even though they had been obtained when he was in no fit state to give permission.

At the time Lord Justice Glidewell said the case was a graphic illustration "of the desirability of parliament considering whether and in what circumstances statutory provision can be made to protect the privacy of individuals."

Mr Calcutt said that the committee had been concerned about the case and had also looked back over the years to see how the courts had dealt with similar occurences.

"We were concerned to see whether the common law was capable of development in this way or whether it now needed a statute," Mr Calcutt says. In the end the committee decided that a new statute on privacy was needed, although one that was targeted on physical intrusion into people's homes and gardens, hotel rooms or areas of a hospital where treatment is given, rather than a general right of privacy.

Ironically Mr Calcutt decided on firm action even though the committee conceded that there was no reliable evidence either way to show whether unwarranted intrusion into individual privacy had increased over the past 20 years. A recent *Mori public opinion poll* suggested that 73 per cent of the public thought newspapers intruded too much into the private lives of public figures, a finding backed up by a Gallup poll for British Satellite Broadcasting this week that indicated 52 per cent of people thought there had been a decline in newspaper ethics over the past five years.

Over the past two years, the committee noted, there had been a number of striking examples of public complaints about intrusion in disasters – particularly the Hillsborough football tragedy in which 95 people died – and publication of scurrilous, and sometimes false, details of private lives. The climax, according to Mr Calcutt, had been the £1m out-of-court libel settlement paid by The Sun following stories about the singer Elton John's private life.

Mr Calcutt, however, made it clear in his interview that there should be legal defences to the proposed new intrusion laws for investigative journalists.

"There may be circumstances where it is not proper for a person to rely on this protection of privacy. If he is up to no good, engaged in wrongdoing or crime, it is right that he should be exposed," said the committee chairman. "But on the other hand we must not allow people to intrude on a person's privacy purely for the sake of prurience."

The wording of the report suggests that journalists would not have to prove that they were preventing crime or wrongdoing to have a defence against prosecution for physical intrusion of privacy. It would be a defence if they could show that was their purpose in being there was to combat wrongdoing.

Mr Calcutt believes the press really does deserve a final chance to make self-regulation work because there have already been indications that newspapers have been trying to put their house in order. Not only did the editors of national newspapers agree a new code of conduct, most have also appointed readers representatives or ombudsmen.

He is equally clear about the choice now facing the newspaper industry. "I don't think it's a question so much of waiting for another Gordon Kaye but seeing objectively whether the press is doing all it can to put its house in order," he said.

One maverick newspaper could lead to the complaints commission being placed on a *statutory footing*. Calcutt warned: "If there is a decline in standards, I'm afraid we have to face up to the fact that there has got to be statutory control. If the press *can* get its house in order then there need be no threat to freedom of the press."

Calcutt may have produced what ministers regard as a robust and coherent piece of work – Calcutt himself is particularly proud of the fact he was able to get a unanimous report despite the presence of one leading journalist, Mr Simon Jenkins, now editor of The Times, and a former journalist, Miss Sheila Black, on the committee.

Yet the report represents enormous practical problems for newspapers – in particular the popular tabloids, some of whom may be forced to redefine their role and even what they regard as a story.

Editors of national newspaper meet on Monday to begin considering their initial response to Calcutt and on Tuesday the Press Council will review its future in the face of the Calcutt recommendation that it be disbanded and replaced.

Both proprietors and editors of Britain's fiercely competing popular newspapers will find it difficult to come up with a coherent policy for the future in the timescale proposed by Calcutt – 12 months to create a Press Complaints Commission and to draw up a comprehensive code of practice and a further 18 months to demonstrate that the system is working properly in order to avoid the imposition of a statutory tribunal.

The real danger now is that rather like a suspended sentence where an offender escapes immediate imprisonment but faces a severe mandatory sentence if he re-offends, the British press has now been placed by Calcutt on the slippery slope towards statutory controls.

Peter Riddell says behind the US President's affability there lies a hard-headed world view

Why Bush is not keen to play on the defence

President George Bush is clearly comfortable as President, no longer the perpetual deputy. Talking to reporters in the White House, he displays a relaxed charm, a self-deprecating affability, and a command of the subjects under discussion.

At one point during a 45-minute interview on Thursday with the Financial Times and US business reporters, Mr Bush joked in reply to one question: "Don't rely too much on my knowledge of Schumpeter." It is hard to imagine Ronald Reagan making such a reference without a cue card.

Yet behind the approachability there is a hard-headed view of American interests. The US may no longer be a dominant world leader as it was, say, in the 1950s, but it still has a distinct role as a superpower with a global perspective.

Talking about differences between the US and Europe about direct economic aid to the Soviet Union, Mr Bush said: "We are the United States, we have a unique responsibility (to keep the movement towards democracy and freedom going worldwide), if some of the neighbours want to go forward (with such assistance), fine."

He will bring this sense of America's continuing special role to the annual summit of the Group of Seven nations – the US, Japan, West Germany, Britain, France, Italy and Canada – which he is hosting in Houston, Texas.

In the past few weeks the Houston meeting has acquired a new importance because of the pressing issue of the economic and political crisis in the Soviet Union and because of the stalemate in the Uruguay Round negotiations on lowering world trade barriers, especially over the pace of phasing-out trade distorting agricultural subsidies.

Mr Bush put the trade issue top of the Houston agenda – "for the US it is not a subject we can set aside in order just to say we've made progress. It is fundamental and I feel strongly about it."

Mrs Carla Hills, the steely US Trade Representative, who accompanied Mr Bush to the briefing, indicated that the US would try to turn the issue from being a battle just between two giants across the Atlantic to a broader question involving all 100 nations in the talks. She said there were up to 40 nations solely or primarily concerned with agricultural issues – reducing barriers to market access and cutting export subsidies and internal supports. These countries, including Australia, New Zealand, Brazil, Hungary, would not buy a watered-down agricultural package and might walk away from the whole negotiations. This could jeopardise the attempt to broaden the range of the Gatt multilateral trade rules.

She sees the Houston summit as a place for acknowledging that there are sharp differences and resolving to get them narrowed. Mr Bush and his advisers are still debating how far to risk an open split. Otherwise, the strictly economic discussions are likely to be fairly bland.

President Bush and Mr Michael Boskin, the chairman of his council of economic advisers, are confident that after the current slow growth in the US economy, there will be some pick-up in the second half of this year – up from an annual rate of just under 2 per cent to about 2.5 per cent. Mr Boskin does not believe the Federal Reserve should respond to any modest pick-up in growth with any change in monetary policy.

Indeed, both the President and his chief economic adviser see scope for a cut in US interest rates if the Administration and Congress agree a credible multi-year package to reduce the Budget deficit. Mr Boskin argues that the Fed ought to accommodate such a cut in the deficit, saying it would be "irresponsible" for the Fed not to offset any fiscal contraction by lower interest rates.

Mr Bush avoided any criticism of the Fed. He quickly learnt the danger of getting into a public rhetorical duel with the Fed. While carefully saying he "doesn't buy into the rhetoric" of Mr Boskin, he backed his economic assumptions and acknowledged a difference with the Fed over the seriousness of inflation.

However, Mr Bush did not hold out much hope of an immediate breakthrough in the six-week old Budget talks. His remarks on the Budget deficit were ambivalent. On the one hand Mr Bush noted the importance of the problem, but then said other leaders understood that the deficit is not totally "out of wack" as a percentage of Gross National Product. There is more than a hint of the prickliness of George Bush the sportsman. "You've got some economic problems, we've got some problems. I'm not unconcerned about the deficit but when I go to talk to Mrs Thatcher or Chancellor Kohl I don't plan to play defence."

Similarly, Mr Bush will take a distinctive line over direct economic assistance for the Soviet Union which is being pressed by both Chancellor Kohl and President François Mitterrand. He stressed US support for perestroika, but said this will not go beyond offering advice and co-operation in trade until the Soviet Union has moved much further towards a market-oriented system and has removed problems such as its $5bn annual aid for Cuba.

Mr Bush acknowledged that Chancellor Kohl might well *react differently to an immediate* Soviet request for housing guarantees (for Soviet troops returning home from East Germany). But he sees this as reflecting an acceptable difference between allies.

Some countries, he said, believe aid for Moscow could precede reform, others think it should come at the same time, while the US wants to see the reforms go forward. "Nobody says we've got to march in lockstep." He did not want to sound begrudging but "direct economic aid standing on its own two feet? I can't do that."

Mr Bush stressed the close links between his administration and President Gorbachev: the Soviet leader's willingness to talk frankly and his desire for advice about how the US political system and the White House works. Then Mr Bush paused, smiled and remarked: "Not that if they adopt our system, it's going to solve their economic problems. It could screw them up for ever."

LETTERS

'Other people's money'

From Mr Derek Antrobus.

Sir, The Prime Minister supports the extension of poll tax capping because, according to a radio interview, Labour councils should not be spending *other people's money.*

The City of Salford's services cost £934 per adult. Westminster, the Tories' flagship, spends £1,181 per adult – all "other people's money."

Yet the poll tax for Salford is set at £396; Westminster's is £195. The main difference is that inner-city Salford receives £373 per adult in revenue support grant; prosperous Westminster gets a subsidy of £867 per adult from the taxpayers.

Derek Antrobus,
Salford Civic Centre,
City of Salford

Comedy calls

From Mr D.B. Nicholson.

Sir, You report (June 18) that Bell Atlantic and Ameritech (buyers of NZ Telecom) would be "well placed to sell mobile telephones to penguins if the Antarctic market takes off."

Full marks for comedy, none for geography. If *New Zealand* were superimposed over Europe the northern tip would be in the Sahara, the southern tip near Lyon, in France. Hard to contact a penguin . . .

D.B. Nicholson,
5 Avon Street, Parnell,
Auckland, New Zealand

Miss World

From Mr Eric Morley.

Sir, Mr Dunkley, your television critic, says (June 6) we are feeble-minded for suggesting that in this year's Miss World contest we might abandon swimsuit parades.

It is amazing that beauty contests, always in the top 20, with never fewer than 12m UK viewers (500m worldwide), were taken off the screen. Not one critic asked why. It was not what viewers wanted but what programme controllers thought they should see. Yet when we change the formula, trying to get a programme back, we are asked: "Why change?" It's a rum old world.

Eric Morley,
Miss World (UK),
21 Golden Square, W1

Gatt farm deadlock

From Mr Michael Strauss.

Sir, Let me suggest how the Gatt farm deadlock might be broken (June 15).

The EC, with its 325m consumers (soon to be augmented by 17m East Germans), should concentrate on its internal market, and adopt production controls which would ensure that it will no longer have to resort to export subsidies to clear surpluses. This would benefit traditional exporting and developing countries alike.

But it would be unrealistic to expect EC farmers to accept such controls when their own market has already been greatly reduced by imports of commodities whose duties are bound at zero or very low rates. As we cut back on support, our trading partners should be prepared to agree to some rise in a few selected import barriers in exchange for EC participation in a multilateral phasing out of export subsidies.

"Tariffication" is an imaginative means by which farm support could be cut to predetermined levels. But farm prices are inherently volatile; countries will not want to reduce farm support to a certain proportion of the world price without guarding against exceptionally low levels.

Michael Strauss,
European Communities,
Economic and Social
Committee,
Rue Ravenstein 2,
Brussels, Belgium

Charity changeth

From Mr Bernd-Otto Kuper.

Sir, The new "contract culture" for social services in the UK (June 12) could also become part of a better social culture in Europe.

In Germany, for example, contracts between public welfare agencies and voluntary welfare organisations (the so-called *Verbände der freien Wohlfahrtspflege*) have been the basis for the necessary social services since the 1960s, *especially* in hospitals, care for the elderly and handicapped, and youth welfare.

But every citizen must be entitled to claim such services. He or she is then indeed able to choose between *different* kinds of services. Choice is healthy, even in cases of need; only thus can the citizen be the subject, not the object of help.

This means that a contract between client and welfare organisation must first exist; there follow contracts, and discussions about fulfilling these contracts, with the clients. If only contracts provide services, or if the greater part of such contracts involve voluntary services, all charities or voluntary organisations will change, sooner or later, from organisations fighting against need and poverty into weak public instruments.

Bernd-Otto Kuper,
EG-Vertretung der Bundesarbeitsgemeinschaft der
Freien Wohlfahrtspflege,
1 Avenue de la Renaissance,
Brussels, Belgium

The BES and tax relief

From Mr R.A. Overin.

Sir, Your correspondents' comments on the virtues and defects of investments in BES shares ignore *the worst feature* of the system: obtaining tax relief.

I have decided to make no further BES investments. The Inland Revenue is unable to deal effectively with the administrative details. Even for an investment in a BES company which is up and running, the tax inspector is unlikely to *authorise issue of* the tax relief certificate for up to six months. An investor must then claim the relief from his or her own inspector, which may take another six months or more.

My tax inspector has his office in Cardiff (about 70 miles away), and the collector is in Yorkshire. The nearest Tax Inquiry Centre listed in leaflet P509 appears to be in Bristol (about 40 miles). I am therefore effectively prevented from making a personal visit to find out the reason for errors, unanswered correspondence and non-repayment of tax.

I have become an investor who is unwilling to make use of the unique attributes of the BES. Judging by the way independent taxation is developing, there is little hope of improvement.

R.A. Overin,
4 Roberts Close,
Stratton,
Cirencester,
Gloucestershire

Liability for oil spills

From Mr Jörg Schimmelpfennig

Sir, Your suggestion that "unlimited liability is an unreasonable risk for a business that benefits the whole society" ("Liability for oil spills," June 15) is a fallacy.

First, note that the normal risks of a supertanker accident are nothing but plain variable costs. Then, if for some output level revenue cannot cover total variable costs, which is the sum of normal running costs and insurance fees roughly equivalent to the certainty equivalent of the risks involved (at least in a competitive insurance market), basic textbook economics tells that output is too high and should be reduced.

If revenue is always below variable costs, that business should close down. In the present example, this means to dispense with supertankers.

There is no way society could benefit from their continuing operation by limiting their operators' liability. Such a proposal is merely equivalent to subsidising their variable costs – which would only make sense if some of the positive external effects arising from their operation are of a "public good" type. They are not. Accordingly, limited liability would only make the public pay for purely private profits.

Jörg Schimmelpfennig,
Department of Economics,
Universität Osnabrück,
D-4500 Osnabrück,
West Germany

Private investors excluded

From Mr William Brown.

Sir, Vanessa Houlder advances the view (Junior Markets, June 9) that the private investor ought to be given the chance to invest in new issues, and in that way will be encouraged to help stock exchange turnover.

The policy of the Stock Exchange has been progressively to exclude the private investor by deliberate role changes which prevents him/or even applying for shares in new issues.

It is a scandalous situation when one telephones one's broker to be told that all the shares are reserved for clients of the issuing broker. It seems that the broker gets a fee for selling the shares and, if the issue is good, a grateful institutional client. If the private invester dealt in a similar fashion it could be fraudulent, but the Stock Exchange has so twisted the rules that now it is impaling itself on its own fence. It deserves it.

I hope the Labour Party takes up the cause of the private investor because it appears that neither the Stock Exchange nor the Government really care. If they cared, they would not have permitted the present situation to develop. A careful examination of the placing system ought to reveal many cases of abuse and malpractice.

William Brown,
47 Leddon Drive,
Harrogate, North Yorkshire

Elegance in Acacia Avenue

From Mr A.J. Harper.

Sir, In "Acacia Avenue grapples with the ERM" (June 16), Barry Riley draws attention to "the *great* exchange rate mechanism paradox."

The paradox is said to be: if Britain joins the ERM, UK interest rates will fall – but if our interest rates do fall, we as consumers will take the opportunity to increase our borrowings against the free equity in our houses, thereby promoting the very inflation which membership of the ERM *is supposed* to help eradicate.

This may well be an accurate description of what could happen. If so, it is a very depressing picture.

There is, however, a very elegant solution to this paradox. This is that the poll tax should be replaced by an annual charge on rental values of all land.

Such a levy, if set at an appropriate rate related to free market values, would deflate the housing market without discouraging house building, remove speculation in land assets, raise revenue by an inherently fair method, and reveal houses as the commodity they really are – subject to normal rules of supply and demand. Moreover, such a levy would free interest rates to fall to levels set by the demands of genuine productive investment.

Arnold J. Harper,
31 Russell Road,
Wimbledon SW19

ABF attacks former Berisford management

By David Owen

MR GARRY WESTON, chairman of Associated British Foods, yesterday made a swingeing attack on the former management of Berisford International in which ABF holds a 23.2 per cent stake.

He also reiterated ABF's continued interest in buying the troubled sugar and property company's main food manufacturing companies – "in particular British Sugar."

He warned, however, that ABF would be forced to consider writing down the carrying value of its Berisford stake if Berisford were to make further substantial provisions against anticipated losses and liabilities as part of its interim report, which is expected shortly.

The Berisford investment is carried on the group's balance sheet at approximately 117p a share. This compared with a market value of 119p at close of trading yesterday.

Berisford has asked Tate & Lyle, the sweeteners group, to consider launching a rescue bid, although no firm offer has yet been made. The proposal was recently referred to the Monopolies and Mergers Commission by Mr Nicholas Ridley, the Secretary of State for Trade and Industry.

Speaking at ABF's well-attended but subdued annual meeting, Mr Weston expressed the view that "recently publicised investment disasters" constituted "a telling indictment" of the stewardship of the previous Berisford management.

"It is nothing short of tragic that an important British asset – such as British Sugar – should have been under the control of that management," he added.

The doldrums of the Manhattan property market are held largely responsible for Berisford's current low ebb, having accounted for extraordinary provisions of £48.9m last year alone. Mr Howard Zuckerman, the executive who presided over the accumulation of the group's US property portfolio, resigned in May.

Berisford was headed until March by Mr Ephraim Margulies who abruptly resigned as chairman – bowing to pressure from both ABF and institutional investors – just four days after the company's annual meeting.

Mr Margulies was replaced by Mr John Sclater, chairman of Foreign and Colonial Investment Trust. In May, the group appointed senior industrialists Mr Brian Smith and Sir John Egan as non-executive directors, simultaneously naming two new executives to the board.

Trevor Humphries

Garry Weston: Supports the efforts of the present Berisford management to restructure and redirect the company's activities

Mr Weston said yesterday that he fully supported "the efforts of the new board to restructure and redirect the company's activities." ABF offered to bid for S&W Berisford in October 1987, but allowed its offer to lapse in the wake of the stock market crash. Commenting on this yesterday, Mr Weston said: "We believed then that there was just too high a proportion of Berisford's assets and liabilities at that critical moment, associated in particular with New York property investment and financial services and about which our company had inadequate information."

On the subject of the current year's prospects, Mr Weston said that budgeted profit growth had to date been achieved by UK and overseas trading operations alike, while earnings from cash investments continued to yield satisfactory rates of return.

He said that ABF was concerned, however, by the apparent renewed decline in UK bread consumption.

In the year to March 31, the group reported a near 20 per cent improvement in pre-tax profits to £233.3m, in spite of a squeeze on margins in its UK operations.

Saatchi ex-directors agree terms of severance

By Alice Rawsthorn

SAATCHI & SAATCHI, the troubled communications group, is understood to have agreed severance terms with Mr Roy Warman and Mr Terry Bannister, the two main board directors who were dismissed two months ago.

These terms could include Saatchi investing in their new business.

Mr Warman and Mr Bannister, who were joint chief executive officers of Saatchi's communications companies before their dismissal, are believed to be planning to begin – or to acquire – their own business in the communications field.

Saatchi has already taken equity stakes in the ventures of several former employees. It did so five years ago when Mr Martin Sorrell, its former finance director, became involved with Wire & Plastic Products, then a small supermarket basket company. WPP has since expanded so rapidly that this year it supplanted Saatchi as the world's largest marketing services group.

Mr Warman and Mr Bannister have been negotiating the terms of their severance agreement with Mr Robert Louis-Dreyfus, Saatchi's chief executive, since their dismissal in early May. They were dismissed so that Mr Louis-Dreyfus, who joined the group in January, could take control of the communications companies which include Saatchi and BSB, two of the world's largest advertising agencies.

Mr Bannister said: "Although Robert pointed the pistol and pulled the trigger, we feel he is someone with whom we could have a continuing relationship. Obviously Roy and I must look after our own interests, but we want as much as possible to stay friends and have a constructive relationship with the company."

Under the terms of their contracts Mr Warman and Mr Bannister could each be entitled to cash compensation of around £1m. They were both paid £345,000 a year before the Saatchi board took voluntary pay cuts of 10 per cent this spring. At the time of their dismissal they had 4¼ years of their contracts to run.

Saatchi, which is trying to conserve cash to reduce its debts, would be anxious to avoid making high cash payments. Mr Warman and Mr Bannister are believed to have agreed the basis of a settlement with Mr Louis-Dreyfus. They formally resigned from the Saatchi board yesterday.

The settlement is thought to include a cash payment and consultancy arrangement as well as an agreement on Saatchi's participation in the new venture.

Restructuring costs hit profits at Chloride and final passed

By Andrew Bolger

CHLORIDE GROUP, the battery group, said yesterday it had insufficient distributable reserves to pay a final dividend on its ordinary or cumulative preference shares when reporting its results for the year to March 31.

Pre-tax profits for the year rose marginally to £12.8m (£12.2m) but turnover dipped to £289m (£345m). The company said that, as it had warned the City in April, higher-than-expected interest and a 51 per cent tax charge, together with the level of profit attributable to minorities, caused earnings to be marginally down at 0.8p (0.9p).

Net external borrowings at the year-end were £35.5m, against £64.3m for the previous year, and interest costs came down to £8.1m (£9.6m).

Attributable profits fell to £700,000 (£10.3m), mainly because of a turnaround in the extraordinary items. Last year's credit of £8.2m compared to a below-the-line charge of £1.1m. This year's net figure comprised a pension credit of £11.7m, which was more than wiped out by a charge of £5.6m for the breaking up of Altus, which makes batteries in the US, and other provisions for disposals and restructuring.

Chloride said that its international side had another successful year. Significant growth in sales and profits was achieved in Chloride Eastern Industries, the African battery operations and the Middle East. Although high tax rates and minority interests reduced the overseas contribution to the group's attributable profit, there was an improved flow of hard currency remittances to the UK.

The only major exception to the general improvement was in South Africa, where the continuation of hard trading conditions prompted Chloride South Africa to merge with one of its competitors, Raylite Holdings.

Chloride said that representatives of Mercurius, the Swedish investment company which has built up a 16 per cent stake in the company, had been invited to meet for discussions to clarify their intentions, but the offer had not been taken up.

However, last night Mr Peter Gyllenhammar, who controls Mercurius, said no invitation had been received. He added that he had no plans to talk to Chloride and would not be drawn on his intentions.

● COMMENT

One jaundiced analyst complained that Chloride was once again promising "jam the day after tomorrow". There is some justice in that charge, although other observers admit that the company is at last showing signs of getting its house in order. Doubts centre on the group's continuing emphasis on reviewing management structure and strengthening the balance sheet, which might translate as forced sales of businesses into a sticky market. Analysts are looking for pre-tax profits of about £15m next year. At 35p, down ½p on the day, that puts the shares on a multiple of 25. Such a hefty rating can only be justified by the Mercurius stake, but an offer from that quarter is by no means certain and any bid premium looks to be already in the price.

Granville advances to £1.62m

By David Lascelles, Banking Editor

GRANVILLE, the private investment banking group, boosted its pre-tax profits by 44 per cent last year despite the volatility of the financial markets.

The group, which is 80 per cent owned by its employees, earned £1.62m in the year to March 31, up from £1.12m, a result which Mr Robin Hodgson, the managing director, said showed there was a place for the well-run specialist company offering a selected range of financial services.

Granville provides investment banking services for small and medium sized companies, as well as stockbroking for institutions and private client services.

Mr Hodgson said the growth in profits had come from all sides of the business, and the company had taken advantage of the turbulence in the markets to advance its position, and hire new specialist staff.

The year's highlights included a £42.5m buy-out of Walter Alexander, the manufacturer of double decker buses and fibres. Granville arranged 6-7 buy-outs last year and expects to do a similar number this year. But new issue business was down because of the weakness of the small company market, an area in which Granville specialises.

Granville also expanded abroad by setting up a 30m Ecu development capital fund in Spain.

The size of the loan book remained unchanged at around £11m. The group specialises in property lending but Mr Hodgson said the downturn in the property market had not produced an upsurge in bad loans.

Granville has embarked on a strategic review which may result in its "pressing the accelerator" if it sees a good opportunity. This might involve the raising of fresh capital.

88% of East Worcester Water offer not taken up

By Andrew Hill

MORE THAN 88 per cent of East Worcestershire Waterworks' £3.5m tender offer of redeemable preference stock was left with the underwriters.

However, the broker to the issue stressed that the exercise was not a failure and suggested that in due course similar methods might be used by the 10 recently-privatised water companies to raise capital.

Mr Derek Greenwood of Seymour Pierce Butterfield, which also underwrote the offer, said yesterday: "It hasn't worked out as well as we would have liked, but it's only a small issue and the company raised the money on the finest possible terms."

Some £402,100 of 9.75 per cent redeemable preference stock was applied for and allotted to the public at tenders between the minimum price of £100 and £103.25 per £100 of stock.

Mr Greenwood said he believed a secondary market in the stock would start on Monday, through which the sub-underwriters would be able to trade.

More than 85 per cent of East Worcestershire, one of 29 small UK water suppliers, is controlled by Biwater, the private water contractor. This was the first fund-raising exercise by a British water company since the privatisation of the much larger water and sewerage groups last December.

Harry Ramsden's serves up first interim of 1p

By Andrew Hill

HARRY RAMSDEN'S yesterday served up its first dividend since the fish and chip restaurant operator came to the Third Market last November.

The company, best-known for the original chippie in Guiseley, Yorkshire, declared an interim dividend of 1p, and announced that it had made profits of £134,084 before tax – 18 per cent ahead of its flotation target.

The Guiseley restaurant beat targets despite "one of the most difficult fish supply situations on record" and a new extension has been opened, encouraging more bookings from coach parties.

Turnover at £753,575 exceeded budget by 7 per cent and earnings per share were 1.4p.

Ramsden's is already expanding from its traditional Yorkshire home, seeking other fish to fry as far afield as Singapore, New Zealand and the Middle East, where negotiations about franchising the famous name are in progress.

A 200-seat replica of the original restaurant is under construction in Glasgow and the group is hoping to open another site in Blackpool in time for the illuminations in September.

Shares in the company initially rose to a premium above the 100p flotation price, on the back of strong buying by the Kuwait Food Company, which built up a 12 per cent stake immediately after trading began.

Since then, however, Ramsden's stock has had something of a battering, slipping as low as 85p by the middle of last month. Yesterday the shares closed 2p stronger at 85p.

Store group valued at £11.8m in market listing

By Clare Pearson

M&W, a convenience store group operating in the south of England, is coming to the main market via a placing which values the company at £11.8m.

The 5.63m shares being offered, making 36.75 per cent of the enlarged share capital, all represent new money. The price is 77p per share, to raise about £3.9m net of expenses.

The prospective p/e at the actual tax charge of 38 per cent is 8.6. The notional gross dividend yield is 3.8 per cent.

Pre-tax profits of £1.6m are forecast for the year to end-October. Last year it made profits of £1.2m on sales of £54.15m.

Mr Michael Weston, chairman, said the purpose of the listing was to fuel further expansion. At present M&W operates 74 convenience stores and he expected the company to open or acquire 16 new stores next year. They sell newspapers, magazines, cigarettes and basic foods.

M&W also has a 45,000 square foot distribution warehouse which it says is capable of handling a substantial increase in its operations.

Sponsor to the placing is Beeson Gregory.

BCMB swap portfolio arrangements completed

By David Owen

THE ADMINISTRATORS and management of British & Commonwealth Merchant Bank said yesterday that they had completed arrangements with all bank counterparties for the collapsed institution's swap portfolio of more than £1.5bn.

As part of these arrangements, more than 50 counterparties have transferred their contracts to Barclays Swaps, a counterparty managed by Barclays de Zoete Wedd. Barclays Swaps has written back another swap to provide BCMB with interest rate protection.

Administrators were called in at BCMB, a subsidiary of British & Commonwealth Holdings, earlier this month. Some £300m of deposits with the bank have been frozen.

Insurance claim puts Countyglen in profit

The settlement of an insurance claim left Countyglen with pre-tax of £454,000 (£439,000) in the year to April 30, compared with a loss of £621,000 for the previous 16 months. Net asset value was 58p, against 54p 12 months earlier.

Turnover was £2365,000 (£2345,000) and earnings per share 11.5p (losses of 18.5p).

AFI suspended at 6p ahead of acquisitions

By Andrew Hill

Shares in Amalgamated Financial Investments, a small investment company, were suspended yesterday at 6p pending an announcement, which is expected on Monday, of "major acquisitions".

AFI was at the centre of a long-running and acrimonious dispute concerning the management of the company last year, much of which focused on the investment policy.

Mr John Scholes, AFI's chairman and a 14.7 per cent shareholder, refused to add to yesterday's brief statement, which said that the acquisitions would be subject to shareholder approval.

It is thought negotiations about the purchases have been going on for some time.

AFI announced on Thursday that Mr Salahi Ozturk, who backed the group's management at last year's shareholder meetings, was the beneficial owner of 17.1 per cent of the shares.

Anglia TV falls to £8.1m despite advertising rise

ANGLIA TELEVISION Group, the ITV franchise holder for the east of England, lifted advertising revenue 4 per cent during a period of uncertainty for the industry in the six months to April 30 1990.

Sir Peter Gibbings, the chairman, said it was a good performance when compared with the 0.8 per cent increase for the industry as a whole.

He reported a rise in turnover from £58.55m to £60.48m, but a fall in pre-tax profits from £8.92m to £8.08m.

And as advertising prospects remained uncertain, Sir Peter said it appeared unlikely that the full year result would match that of 1988-89, when profit was £18.48m.

Sir Peter claimed that Anglia's share of the industry advertising revenue had reached 6.7 per cent, which was most encouraging. However, it meant that the company's contribution to industry costs had also risen considerably.

For the half year earnings were 11.91p (13.29p) and the interim dividend is 2.86p (2.6p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Anglia TV ....int	2.86	Aug 17	2.6	-	8
Cassidy Bros § ....fin	0.75	-	2.7	0.75	3.15
Chloride Group ....fin	nil	-	0.55	0.55	1.1
Danae IT ....fin	4.575	Aug 31	4.1215	7.95	7.125
JS Pathology ....fin	3.7	-	3.7	5.5	5.5
Latham (James) ....fin	7	Aug 17	6.75	11.25	10.75
Microlec § ....fin	2.5	Aug 30	2.3	4	3.3
Ramsden's (H)‡ ....int	1	-	-	-	-
Wood (SW) ....fin	0.1	Oct 1	3	0.1	5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Third market stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	130	116	ASI Leisure 10p	128		b4.7	3.3	4.9	8.4
50	F.P.	-	49	47	EFM Java Trust	49	+1	-	-	-	-
-	F.P.	-	26	18	Do Warrants	26		-	-	-	-
-	F.P.	-	46	28	First Philippine Inv. Tst.	30	-2	-	-	-	-
-	F.P.	-	22	10	Do Warrants	12		-	-	-	-
-	F.P.	-	14	7	Fisher (Albert) Wrnts.	7	-1	-	-	-	-
500	F.P.	-	100	95	French Property Tst.	99		-	-	-	-
-	F.P.	-	39	32	Do Warrants	38		-	-	-	-
§91	F.P.	-	89	83	[illegible] 10p	84	+1	a1.75	2.5	2.8	13.9
100	F.P.	-	98	95	Jupiter Euro Inv Units	96		-	-	-	-
-	F.P.	-	36	35	Do. Warrants	36		-	-	-	-
§129	F.P.	-	116	115	[illegible] 5p	115		R4.05	2.4	4.7	9.3
-	F.P.	-	44	35	Lucas Inds. Warrants	36	+½	-	-	-	-
-	F.P.	-	31	21	Paribas French B Wrrnts	29	+2	-	-	-	-
§94	F.P.	-	96	94	§Proteus Intl.	96		-	-	-	-
§100	F.P.	-	152	95	Siam Select Growth Tst.	101	-1	-	-	-	-
-	F.P.	-	38	30	Do Warrants	32	-1	-	-	-	-
[illegible]	F.P.	-	215	200	Wiggins Teape Appleton	213	-1	a6.35	2.0	5.2	11.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	-	101	90	§Bluebird Toys 12pc Cv. Uns. Ln. 2005	95	
4	F.P.	-	86p	83p	European Leisure 8.75p (Net) Cv Rd Pf.	86p	
100p	F.P.	-	113p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	112p	
100p	25p	-	46½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	44p	
100p	F.P.	-	105p	96p	Wyndham Group 9.375pc Cm. Pf	98p	
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd. Cv Pf 20p	42p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
100	Nil	25/6	13pm	4pm	‡Allied Leisure	10pm	
35	Nil	-	8pm	2pm	Amber Day	3½pm	
56	Nil	-	15pm	13½pm	Ashley Group	14pm	
10	Nil	-	½pm	¼pm	*Caldwell Invs 10p	¼pm	
335	Nil	-	73pm	49pm	Cater Allen Hldgs. £1	49pm	
105	Nil	-	53pm	26pm	‡EW Fact 5p	53pm	+10
33	Nil	25/6	6pm	¼pm	Ex-Lands	½pm	
425	Nil	24/7	149pm	104pm	Laporte	138pm	-2
12½	Nil	-	9pm	1½pm	SI Group 5p	8pm	-1
-	Nil	-	1pm	¼pm	XCL Sunrise	½pm	
h49	Nil	-	5pm	3pm	‡Vara-Vision	3pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants. ‡ Issued in connection with reorganisation, merger or takeover.

Holders of influence call boardrooms to task

Clare Pearson on reactions to the ABI discussion paper on corporate governance

DESPITE SOME expressions of broad agreement on main principles, the indications are that some hard talking between British companies and their institutional shareholders lies ahead in the wake of this week's publication by the Association of British Insurers of a discussion paper on corporate governance.

The paper, *The Role and Duties of Directors*, is to form a starting point for discussions within the institutional shareholders committee, of which the ABI forms a powerful part.

One of its main themes is a call for greater disclosure and control over directors' pay. But the paper also sets forth certain broad guidelines on how boards should be organised.

As such, it penetrates much further than any previous sally by the ABI into the minutiae of how companies run their daily affairs.

Indeed the body is best known in recent years for its views on the control of issues of new shares.

Yet initial soundings with company directors this week suggested that few considered the ABI was overstepping the mark and should get back to its usual worrying about pre-emption rights.

The official response of the Institute of Directors, for instance, welcomed the paper, saying: "We are delighted that this initiative is being taken by a body representing major institutional shareholders because it is shareholders who are in the best position to require good practice, and who have the power to enforce it."

However, behind such polite noises, there were also indications that certain companies, among them some of the largest, are going to find themselves at odds with a number of of stances adopted by the ABI in the paper.

One of its main themes is the virtue of anon-executive presence on the board. This is "strongly supported" on the grounds of the value that non-executives can bring in terms of "independence, personality and experience".

However there are a number of companies which differ widely from this view: most notably BTR, the industrial conglomerate, where Sir Owen Green, its chairman, has often publicly stated his doubts on the value of non-executive directors.

BTR's non-executive board members are all former executive directors. This week Mr Christopher Bull, the company's finance director, commented: "We maintain they are a lot more useful like that. It is all very well being independent, but not if you are also therefore ineffective."

Hillsdown Holdings, the foods company, has no non-executive directors at all. Mr Harry Solomon, chairman, last week said: "There are plenty of recent examples – take British & Commonwealth – to show that non-executives do not provide a panacea for problems.

"One reason why we don't have any is that the sort of people we would want as non-executive directors are people who are very busy being executive, running their own businesses."

Sir Owen Green (left), chairman of BTR, and Sir David Plastow, chairman and chief executive of Vickers

Associated with its advocacy of non-executives is the ABI paper's emphasis on the desirability of a separation of the roles of chairman and chief executive.

This is qualified by the proviso that a combination is acceptable where "an independent committee of the board ... has delegated to it the authority to review the performance of the individual concerned".

At Vickers, Sir David Plastow set up an unusual system 3½ years ago, when he took over the dual roles. Under a board minute, Sir Richard Lloyd, non-executive deputy chairman, acts as a convenor of outside directors with an explicit brief to call Sir David to account if his performance falls short of the mark.

"After many years of making speeches to the effect that it was improper, I thought it right to set up this system when a I was eventually persuaded to assume the two hats," Sir David said.

But such formalised and specific monitoring of the individual are rare; and, given the large numbers of companies, including British Telecom, where the two roles are combined, it is not hard to imagine a lively debate developing on the questions of the size, scope, authority and definition of the independence of such a review body.

Another aspect of the paper which may prove controversial is that which recommends that borrowing limits should be set out in a company's articles of association.

Mr Andrew Hutchinson at the Institute of Directors remarked: "This comes at a time when companies are emphasising the shifting of borrowings back on to the balance sheet anyway. It could be seen as beginning to trespass on directors' powers of management."

At Hanson, a spokesman commented waryly: "I think it is a recommendation like that which illustrates why we wouldn't wish to give an off-the-cuff reaction to the paper at this stage."

He pointed out that Hanson considered that in the past it had been responsible for changing institutional thinking on precisely the question of borrowing powers. This was against a background of the company's substantial interests in the US, where such a limitation would be foreign to companies' thinking.

The paper is only a starting point for discussion within a committee and indeed specifically acknowledges "the need to adapt such practice to suit the circumstances of any particular case".

Nevertheless, in making it public, the ABI appears quite deliberately to have put down its marker.

Companies will clearly be concerned that ideas, described as flexible at first, could slip into becoming cast-iron principles.

TDG sells its express delivery side to French

By Paul Abrahams

Transport Development Group, the distribution group, has sold a 50 per cent stake in its loss-making express delivery division, Tuffnells Parcels Express, to Ducros Services Rapides, the leading French parcel company.

In a complex deal, Ducros paid less than half the value of Tuffnells' £7.5m net assets to obtain the 50 per cent stake. TDG has provided limited warranties covering any potential loss for the next two years.

The Tuffnells division recently ran into difficulties when the it merged its operations with which another TDG division, Independent Express. Last year it made a loss estimated at about £2m.

The deal highlights a growing trend towards internationalism in the express services industry. There has been considerable positioning in preparation for the single European market after 1992.

Ducros already has interests in West Germany, Switzerland and the Netherlands. It is understood the company is looking to extend its operations elsewhere.

ECONOMIC DIARY

TODAY: Deadline for ratification of Meech Lake constitutional accord, in which other provinces recognise Quebec as a "distinct society". All Britain Anti-poll Tax Federation conference at Central Hall, Liverpool. *Elections for regional government in Andalusia.*

MONDAY: CBI monthly trends enquiry (June). European Council meets at Dublin Castle (until June 26); political and economic union top the agenda. Start of two-day meeting of the European Community agriculture council in Luxembourg.

TUESDAY: Personal income, expenditure and saving (first quarter). Industrial and commercial companies (first quarter). Mr Javier Perez de Cuellar, UN Secretary General, starts four-day trip to West Germany for talks on the future of the two Germanys. Mr John Wakeham, Energy Secretary, opens two-day nuclear power conference in London. Sotheby's auction major impressionist paintings.

WEDNESDAY: Cyclical indicators for the UK *economy* (May). US leading indicators (May). European Community fisheries council meets in Luxembourg. London ozone conference at the International Maritime Organisation *headquarters. International* conference on protection of wetlands in Montreux (until July 4).

THURSDAY: New vehicle registrations (May). Energy trends (April). European Community telecommunications council meets in Luxembourg. Conference on national affairs in Taipei (until July 4). Holders of four issues of convertible and exchangeable bonds are to vote in London on whether to approve the A$1.8bn sale of Bond Brewing Holdings to Bell Resources.

FRIDAY: Capital expenditure and stockbuilding (first quarter revised). Engineering sales and orders at current and constant prices (April). London sterling certificates of deposit (May). Bill turnover statistics (May). Monetary statistics (including bank and building society balance sheets) (May). *Sterling commercial paper* (May). US sales of new homes (May), agricultural prices (June). European Community research council meets in Luxembourg.

LONDON TRADED OPTIONS

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Allied Lyons (*490)	460	42	61	75	3½	11	17
	500	16	35	51	20	27	30
	550	3	16	29	62	63	65
ASDA (*120)	120	6	12	17	4½	9	12
	130	3	-	-	12	-	-
	140	1	-	-	21	-	-
Brit. Airways (*214)	180	36	43	47	1	2	3½
	200	17	27	32	1½	5½	7½
	220	5	15	20	9	13	16
SmKl Beecham A (*543)	500	50	66	83	2	10	15
	550	14	34	52	18	28	32
	600	2	13	30	57	60	61
Boots (*299)	280	24	36	44	4	8	11
	300	11	24	32	11	15	18
	330	2½	10	18	34	35	36
B.P. (*325)	300	29	38	45	1½	5½	8
	330	6½	17	26	7½	15	18
	360	1½	7	-	36	36	-
British Steel (*150)	130	15	20	23	¼	2	3
	140	6½	12	15½	3	4½	6
	160	¼	3¼	6½	16	18	18
Bass (*1091)	1000	107	147	165	3	7	17
	1050	65	107	125	7	18	28
	1100	29	72	95	27	34	47
C & Wire (*547)	500	50	74	92	4	11	15
	550	13	41	59	21	29	33
	600	2½	-	-	62	-	-
Courtaulds (*365)	330	-	-	65	-	-	8
	357	20	-	-	7	-	-
	360	-	33	44	-	14	16
Com. Union (*519)	460	64	77	91	2	8	12
	500	30	46	68	8	21	22
	550	7	21	38	36	45	46
GKN (*415)	390	32	45	59	5	14	17
	420	11	24	38	15	25	27
	460	2	9	-	48	52	-
Grand Met. (*675)	600	84	100	125	1½	7	11
	650	40	61	87	6	17	29
	700	10	34	55	31	40	43
I.C.I. (*1190)	1150	62	94	134	10	32	40
	1200	30	63	104	30	55	62
	1250	11	42	78	62	84	90
Kingfisher (*365)	300	69	78	89	1	3	4
	330	39	50	60	3	5½	10
	360	16	28	42	9	15	18
Ladbroke (*336)	300	41	54	60	2	5	10
	330	16	31	41	7	14	17
	360	4	-	-	25	-	-
Land Secur (*495)	460	43	62	75	2½	7	10
	500	11	34	48	12	20	24
	550	1½	13	25	60	60	60
M & S (*240)	200	43	51	56	1	3	5
	220	25	34	41	2½	5	7
	240	9	19	27	9	12	16
STC (*247)	220	31	39	-	1½	5½	-
	240	15½	26	36	6	12	15
	260	5½	15	26	16	25	26
Sainsbury (*290)	260	34	43	52	1½	3½	5
	280	16	27	37	5	8	11
	300	6½	16	26	16	18	20
Shell Trans. (*462)	420	48	62	76	3	7	9
	460	16	32	50	9	20	22
	500	3	16	28	40	40	40
Storehouse (*129)	110	19½	24	28	2	3	5
	120	10	17	21	3½	6	8½
	130	4	10	16	8	10½	13
Trafalgar (*321)	300	28	43	50	3	9	16
	330	8	27	32	18	23	30
	360	1½	13	-	42	42	-

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Utd. Biscuits (*367)	330	42	51	62	2½	6	8
	360	16	29	41	7	14	17
	390	5	13	25	28	29	32
Unilever (*692)	650	51½	74½	94½	3½	8½	14½
	700	13½	40½	62½	16½	27	32½
	750	2	-	-	58	-	-
Ultramar (*334)	300	40	50	65	2	5	8
	330	16	30	45	8	15	20
	360	5	17	30	27	32	33
Option		**Aug**	**Nov**	**Feb**	**Aug**	**Nov**	**Feb**
Brit. Aero (*537)	500	55	68	88	8	17	23
	550	22	38	60	27	38	48
	600	7	20	40	70	73	82
BAA (*439)	390	51	68	80	2½	5	10
	420	28	50	60	9	15	18
	460	9	28	40	32	35	38
BAT Inds (*650)	637	45	65	-	11	22	-
	650	-	-	75	-	-	28
	687	11	37	-	45	44	-
BTR (*429)	390	50	58	73	3	8	11
	420	27	39	53	10	19	22
	460	7	18	30	35	42	43
Brit. Telecom (*300)	280	25	33	40	4	6	9
	300	9	19½	28	13	14½	16
	330	1½	7½	-	38	38	-
Cadbury Sch (*360)	300	68	77	88	1	3	5
	330	43	52	64	5	8	12
	360	19	32	46	13	21	22
Guinness (*790)	700	110	130	152	2½	5	8
	750	65	87	115	6½	17	22
	800	30	57	82	27	35	40
GEC (*198)	180	22	25	30	2½	4½	6½
	200	7	12	17	12	14	16
	220	2	5	9	29	30	30
Hanson (*244)	220	29½	38	40	1½	2½	5½
	240	13½	23	26	5½	7½	12½
	260	4	12½	16½	18	19	23½
LASMO (*410)	390	-	-	67	-	-	17
	400	32	47	-	12	17	-
	420	-	-	47	-	-	30
P. & O. (*641)	600	55½	69	89½	3¼	13¼	15
	650	20½	36¼	58¼	20¼	34½	36¼
	700	5	-	-	62	-	-
Pilkington (*206)	180	32	38	45	2	5	6
	200	16	25	30	8	12	14
	220	6½	14	20	20	20	23
Polly Peck (*434)	418	35½	56¼	-	10¼	17	-
	420	-	-	67½	-	-	23
	460	14	33½	46½	33¼	38½	43
Prudential (*230)	220	19	26	34	5	9	11
	240	9	15	22	14	18	20
Racal (*203)	200	13	22	31	9	13	16
	220	5	13	21	24	24	26
R.T.Z. (*565)	550	36	56	76	11	18	22
	600	13	30	50	42	47	49
Scot. & New (*326)	300	30	41	50	5½	11	16
	330	13	26	32	21	25	30
Tesco (*219)	200	24½	30¼	38½	1½	4	4½
	220	9½	16	24½	7½	9	10½
Thames Water (*155)	140	16½	17	22	5	8	12
	160	5	8	13	18	19	21
Water Hldg Ptg (*S1520)	1500	70	90	160	120	130	190
	1550	40	80	140	160	170	220
Option		**Jul**	**Sep**	**Nov**	**Jul**	**Sep**	**Nov**
Ferranti (*36)	35	3	5	6	2	3½	3½
	40	1	3	4½	5½	6½	7

Option		CALLS Jul	Sep	Nov	PUTS Jul	Sep	Nov
Lucas Inds (*159)	140	22	26	28	1	2	3½
	160	5½	10	15	7	8	12
Option		**Aug**	**Oct**	**Dec**	**Aug**	**Oct**	**Dec**
Reuters (*1269)	1250	76½	112	150	37½	54½	63½
	1300	50	86½	122	63¼	80	87¼
Option		**Sep**	**Dec**	**Mar**	**Sep**	**Dec**	**Mar**
Abbey Nat. (*201)	200	14	19	24	10	11	14
	220	6	10	15	21	23	25
Amstrad (*67)	60	12	14½	17	3	4	5
	70	6	9	12	7	8	9½
Barclays (*404)	393	27	41	-	13	17	-
	420	-	-	37	-	-	37
Blue Circle (*250)	240	24	34	43	7½	13	15
	260	13	23	31	18	21	24
British Gas (*221)	220	9	17	20	11	13	15
	240	2½	8	10	27	27	28
Dixons (*154)	140	22	26	30	6½	9	10
	160	10	15	19	15	17	19
Glaxo (*808)	800	59	77	102	27	40	45
	850	33	52	75	52	64	70
Hawker Sidd. (*665)	650	60	70	80	30	43	46
	700	27	45	60	58	65	70
Hillsdown (*277)	260	31	40	50	6½	10	10
	280	18	27	38	13	18	18
Lonrho (*253)	240	-	-	35	-	-	14
	255	15	25	-	14	17	-
Midland Bk (*296)	280	28	43	48	7	13	16
	300	16	30	37	17	25	30
R. Royce (*216)	200	26	31	40	4	6½	8
	220	13½	18	27	10	13	15½
Sears (*200)	90	15	18	21	2	3	4
	100	9	12	14	5½	7	8
THF (*303)	300	23	32	39	11	18	19
	330	8½	16	23	30	32	35
Thorn EMI (*779)	750	47	72	93	25	34	38
	800	23	45	62	53	59	60
TSB (*138)	130	12	17	20	3	5½	8
	140	7	12	14	9	9	13
Vaal Reefs (*S65)	60	11	12	14	5	6	6
	70	6	8	10	10	11	13
Wellcome (*625)	600	65	87	107	22	30	34
	650	34	60	80	45	55	55

EURO FT-SE INDEX (*2378)

	2225	2275	2325	2375	2425	2475	2525	2625
CALLS								
Jun	173	125	77	37	13	4	1	½
Sep	244	-	169	-	105	-	59	32
Dec	300	-	227	-	165	-	117	72
Mar	335	-	263	-	201	-	150	108
PUTS								
Jun	3	3½	8	19	48	87	135	295
Sep	23	-	43	-	75	-	126	195
Dec	40	-	58	-	85	-	127	185
Mar	55	-	72	-	103	-	135	185

FT-SE INDEX (*2378)

	2150	2200	2250	2300	2350	2400	2450	2500
CALLS								
Jun	244	194	145	98	53	19	5	1
Jul	272	224	179	140	101	69	44	26
Aug	295	250	207	167	130	98	71	51
Sep	316	273	230	192	154	121	93	71
Dec †	-	319	-	240	-	175	-	117
PUTS								
Jun	1	1	2	4	9	29	73	123
Jul	5	9	13	21	33	53	83	125
Aug	12	15½	22	34	47	67	95	128
Sep	16	22	29	40	53	72	100	130
Dec †	-	34	-	56	-	90	-	145

June 22 Total Contracts 22,466
Calls 12,382 Puts 10,084
FT-SE Index Calls 2,558 Puts 4,836
Euro FT-SE Calls 50 Puts 105
*Underlying security price. † Long dated expiry months.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Fri Jun 22 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Jun 21 Index No.	Wed Jun 20 Index No.	Tue Jun 19 Index No.	Year ago (approx) Index No.	1990 High		1990 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (198)	899.01	+0.3	12.93	5.12	9.41	17.22	896.27	896.12	903.47	959.88	960.80	4 /1	813.49	30/4	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (27)	1144.72	+0.6	13.58	5.26	9.11	25.77	1137.62	1136.27	1138.13	1190.75	1188.21	3 /1	989.61	30/4	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (36)	1447.94	+1.7	16.62	5.70	7.83	34.64	1424.25	1427.35	1424.10	1640.82	1621.44	4 /1	1278.36	1 /5	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (10)	2627.99	+0.1	10.82	5.11	11.37	61.43	2625.86	2617.77	2619.99	2867.43	2751.15	4 /1	2317.73	6 /3	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (29)	1801.39	-0.4	10.32	4.18	12.56	21.38	1807.90	1800.49	1855.25	2190.91	2044.72	9 /1	1717.35	30/4	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (8)	473.03	+0.8	13.70	4.93	8.70	9.42	469.41	468.03	478.38	0.00	502.42	13/6	409.55	6 /3	502.42 13/6 /90	409.55 6 /3 /90
7 Engineering-General (43)	502.08	+0.2	11.71	5.09	10.30	8.93	501.18	501.55	502.11	0.00	505.10	15/6	448.31	30/4	505.10 15/6 /90	448.31 30/4 /90
8 Metals and Metal Forming (6)	511.07	+0.8	22.97	6.58	5.16	2.46	506.78	503.40	499.88	519.93	515.57	4 /1	457.99	27/4	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (15)	374.75	+0.5	14.85	6.16	7.85	9.81	372.75	372.20	375.67	327.58	403.90	4 /1	327.76	10/5	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (24)	1625.88	-0.2	10.89	4.95	10.60	34.38	1628.36	1636.76	1645.54	1614.24	1774.64	3 /1	1472.55	3 /5	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (179)	1321.88	+0.5	9.24	3.82	13.37	19.74	1315.46	1316.67	1314.91	1237.19	1357.03	3 /1	1151.43	30/4	1417.92 4 /9 /89	61.41 13/12/74
22 Brewers and Distillers (22)	1617.34	-0.1	9.41	3.58	12.86	23.35	1619.60	1623.10	1612.82	1351.85	1638.69	13/6	1369.31	6 /3	1638.69 13/6 /90	69.47 13/12/74
25 Food Manufacturing (20)	1123.00	-0.3	10.18	4.27	12.16	17.76	1125.94	1110.88	1107.57	1098.64	1184.41	3 /1	1001.05	30/4	1220.42 4 /9 /89	59.67 11/12/74
26 Food Retailing (16)	2508.17	+1.0	9.25	3.28	13.88	33.61	2482.74	2462.40	2470.97	2399.55	2530.09	13/6	2188.04	30/4	2722.30 5 /9 /89	54.25 11/12/74
27 Health and Household (15)	2569.91	+1.4	6.69	2.70	17.77	24.15	2535.24	2578.40	2604.90	2245.00	2795.49	4 /1	2365.35	6 /3	2795.49 4 /1 /90	175.38 28/5 /80
29 Leisure (31)	1510.95	+0.2	9.68	4.09	12.56	24.36	1507.35	1501.61	1498.30	1651.07	1717.22	9 /1	1266.85	30/4	1845.77 8 /9 /89	54.83 9 /1 /75
31 Packaging & Paper (13)	613.65	-0.1	10.90	5.60	11.32	11.83	614.21	613.50	611.66	563.46	616.53	14/6	534.25	30/4	739.48 16/7 /87	43.46 6 /1 /75
32 Publishing & Printing (16)	3578.97	-0.2	10.16	5.15	12.29	79.26	3585.87	3582.54	3552.79	3577.30	3853.61	4 /1	3029.15	30/4	5070.66 5 /10/87	55.08 6 /1 /75
34 Stores (34)	843.67	+0.9	10.62	4.44	12.05	15.30	836.15	836.82	828.28	811.16	866.32	13/6	690.43	27/4	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (12)	504.03	-0.1	12.54	7.11	10.21	16.06	504.39	503.67	501.48	536.71	554.37	4 /1	447.50	30/4	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (104)	1207.07	+0.3	10.81	4.89	11.14	14.99	1203.84	1200.50	1199.59	1127.55	1233.52	3 /1	1059.71	30/4	1233.52 3 /1 /90	58.63 6 /1 /75
41 Agencies (17)	1723.27	-0.4	5.78	2.21	20.93	14.99	1730.24	1727.69	1734.54	1413.26	1757.73	15/6	1471.39	30/4	1795.57 17/7 /87	870.35 4 /12/87
42 Chemicals (23)	1309.63	+0.4	10.76	5.06	10.87	31.17	1304.42	1304.84	1321.06	1296.39	1335.87	14/6	1138.16	27/4	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (14)	1707.72	+0.1	10.05	5.84	11.92	26.40	1706.28	1704.13	1702.53	1641.71	1722.31	14/6	1480.08	30/4	1819.46 11/8 /89	975.19 10/11/87
44 Transport (13)	2305.46	+0.2	10.65	4.47	11.91	40.07	2301.57	2312.30	2297.09	2440.68	2458.00	4 /1	2093.96	30/4	2554.69 12/7 /89	90.80 29/6 /62
46 Telephone Networks (2)	1233.01	.....	11.05	4.56	11.75	0.00	1233.01	1213.70	1202.09	1098.54	1290.72	3 /1	1019.16	30/4	1290.72 3 /1 /90	517.92 30/11/84
47 Water (10)	1934.00	+0.2	16.71	7.00	6.69	0.00	1929.81	1946.40	1949.87	0.00	2079.08	16/2	1820.20	1 /5	2079.08 16/2 /90	1820.20 1 /5 /90
48 Miscellaneous (25)	1831.11	+1.2	11.81	4.81	9.65	36.78	1808.86	1811.32	1808.98	1652.92	1981.35	3 /1	1674.89	10/5	2087.06 11/7 /89	60.39 6 /7 /75
49 INDUSTRIAL GROUP (481)	1193.27	+0.4	10.62	4.47	11.49	18.09	1188.81	1188.21	1189.57	1154.82	1234.94	3 /1	1051.74	30/4	1273.71 5 /9 /89	59.01 13/12/74
51 Oil & Gas (19)	2319.00	.....	12.16	5.33	10.86	46.50	2317.92	2323.97	2313.30	2066.16	2475.71	2 /1	2111.34	30/4	2475.71 2 /1 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1288.04	+0.3	10.83	4.59	11.40	20.39	1283.80	1283.70	1284.16	1232.26	1338.65	3 /1	1140.35	30/4	1369.88 16/7 /87	63.49 13/12/74
61 FINANCIAL GROUP (107)	806.23	+0.1	-	5.66	-	20.36	805.12	809.80	802.90	731.10	869.67	3 /1	735.74	30/4	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	852.20	+0.3	19.26	6.31	6.80	25.62	850.00	853.83	844.18	724.40	918.30	2 /2	766.65	27/4	918.30 2 /2 /90	62.44 12/12/74
65 Insurance (Life) (7)	1455.07	+0.7	-	5.05	-	36.94	1445.31	1454.42	1431.97	1059.02	1484.67	3 /1	1220.17	1 /5	1484.67 3 /1 /90	44.88 2 /1 /75
66 Insurance (Composite) (6)	704.99	-0.2	-	5.87	-	19.43	706.61	710.94	702.55	567.09	768.11	0 /0	622.62	30/4	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (7)	1034.39	-0.2	8.39	6.31	15.71	27.41	1036.41	1038.13	1027.31	954.85	1194.74	4 /1	1016.19	22/3	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	448.55	-0.4	-	4.52	-	8.55	450.12	450.65	453.75	328.75	502.02	8 /2	403.22	30/4	547.59 12/10/87	31.21 7 /1 /75
69 Property (47)	1079.21	.....	8.33	4.35	15.39	17.70	1078.99	1090.97	1089.88	1318.73	1242.53	4 /1	1055.23	4 /5	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (24)	299.04	+0.2	12.46	6.48	10.49	5.96	298.55	299.11	300.16	356.37	350.59	4 /1	291.32	30/4	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (67)	1221.31	-0.3	-	3.19	-	15.14	1224.69	1226.88	1222.06	1152.68	1323.81	4 /1	1113.92	30/4	1323.81 4 /1 /90	71.12 13/12/74
91 Overseas Traders (5)	1431.80	.....	9.70	6.38	12.36	43.49	1432.56	1427.84	1424.49	1324.39	1614.04	3 /1	1269.70	30/4	1614.04 3 /1 /90	97.37 6 /1 /75
99 ALL-SHARE INDEX (679)	1171.96	+0.3	-	4.71	-	20.15	1168.67	1169.61	1168.35	1109.89	1226.83	3 /1	1043.16	30/4	1238.57 16/7 /87	61.92 13/12/74
	Index No.	**Day's Change**	**Day's High (a)**	**Day's Low (b)**	**Jun 21**	**Jun 20**	**Jun 19**	**Jun 18**	**Jun 15**	**Year ago**						
FT-SE 100 SHARE INDEX♦	2378.5	+8.2	2381.1	2368.2	2370.3	2371.2	2369.7	2370.5	2392.3	2167.5	2463.7	3 /1	2103.4	30/4	2463.7 3 /1 /90	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Jun 22	Day's change %	Thu Jun 21	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	115.77	+0.08	115.68	-	6.27
2 5-15 years	122.72	+0.16	122.52	-	6.91
3 Over 15 years	126.81	+0.20	126.57	-	6.15
4 Irredeemables	147.49	+0.77	146.35	-	6.36
5 All stocks	122.57	+0.15	122.39	-	6.69
Index-Linked					
6 Up to 5 years	146.43	+0.07	146.33	-	1.49
7 Over 5 years	138.69	+0.03	138.65	-	2.03
8 All stocks	139.16	+0.03	139.11	-	1.99
9 Debentures & Loans	99.04	+0.01	99.03	-	5.86
10 Preference	74.15	+0.18	74.01	-	3.09

AVERAGE GROSS REDEMPTION YIELDS		Fri Jun 22	Thu Jun 21	Year ago (approx.)	1990 High		1990 Low	
British Government								
1 Low	5 years	10.90	10.95	10.08	12.36	2 /5	10.16	2 /1
2 Coupons	15 years	10.52	10.61	9.64	11.94	30/4	9.58	2 /1
3	25 years	10.45	10.53	9.43	11.85	30/4	9.52	2 /1
4 Medium	5 years	11.91	11.91	11.20	13.58	2 /5	11.03	2 /1
5 Coupons	15 years	11.05	11.06	10.12	12.45	27/4	9.97	2 /1
6	25 years	10.67	10.69	9.64	11.98	27/4	9.65	2 /1
7 High	5 years	12.01	12.01	11.33	13.67	2 /5	11.17	2 /1
8 Coupons	15 years	11.29	11.32	10.32	12.76	27/4	10.17	2 /1
9	25 years	10.89	10.94	9.81	12.27	27/4	9.78	2 /1
10 Irredeemables†		10.43	10.50	9.41	11.83	30/4	9.66	4 /1
Index-Linked								
11 Inflation rate 5%	Up to 5yrs.	5.28	5.28	3.88	5.40	16/5	3.83	5 /1
12 Inflation rate 5%	Over 5 yrs.	4.17	4.17	3.81	4.31	30/4	3.60	4 /1
13 Inflation rate 10%	Up to 5 yrs.	4.17	4.15	3.09	4.28	16/5	2.95	2 /1
14 Inflation rate 10%	Over 5 yrs.	3.98	3.98	3.63	4.13	30/4	3.43	4 /1
15 Debs &	5 years	13.24	13.76	12.38	16.70	30/4	13.01	15/1
16 Loans	15 years	12.80	12.80	11.73	14.48	26/4	12.27	12/1
17	25 years	12.80	12.79	11.30	13.89	4 /5	11.99	2 /1
18 Preference†		12.46	12.48	10.32	12.60	30/5	10.67	2 /1

♦Opening index 2374.1; 9 am 2370.0; 10 am 2373.5; 11 am 2376.6; Noon 2377.1; 1 pm 2378.0; 2 pm 2379.1; 3 pm 2380.2; 4 pm 2378.2; 4.10 pm 2378.1; (a) 11.35am (b) 9.34am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

CONSTITUENT CHANGES: Tozer Kemsley Millbourn (9) and Aquascutum (34) have been deleted. Midland & Scottish Resources (51) and Invergordon Distillers Group (22) have been inserted.

Wall Street corporate raider winds up business

By Roderick Oram in New York

CONISTON Partners, the corporate raider that pulled off some of the most prominent deals of the 1980s, is to be wound up and its $900m of funds returned to its investors.

With dwindling opportunities for the type of transaction on which Coniston thrived, a new investment strategy was needed for the 1990s, said Mr Gus Oliver, who ran the pool of money with two partners, Mr Keith Gollust and Mr Paul Tierney.

"To the extent we will continue to take positions in large companies, our focus will be on management issues and strategy not on financial restructuring," Mr Oliver said. The three will also seek wider opportunities in areas such as real estate, venture capital and bankruptcies.

These new opportunities will need an investment horizon of years rather than the few months typical of Coniston's famous corporate raids. Thus, it was appropriate to liquidate the pool of funds and instead raise money on a deal-by-deal basis, he said.

Although it will return most of Coniston's money, it will maintain its investment in TW Services, the restaurant and food services company, and UAL, the parent company of United Airlines, whose employees are trying to take private.

Coniston's usual tactic was to take a minority stake in a company and then force it into some form of restructuring or sale to the profit of shareholders. It hit the big time in 1987 when it forced Allegis to sell off its hotel and car rental businesses and concentrate on United Airlines, its original core business. Proceeds of the asset sales were distributed to shareholders, but the company name was changed back to UAL. Some other raids, notably the one on Gillette, the toiletries group, were far less successful.

The environment was now less conducive to such strategies for a number of factors, including high stock market prices of potential targets and a dearth of debt to help fund the raids.

Founded in early 1982, Coniston Partners managed a number of funds which, over their lives, had given investors a net annual return of about 33 per cent a year after Messers Gollust, Tierney and Oliver took out their management fees and share of profits. The returns had shrunk last year, Mr Oliver said.

Olivetti cautious despite sales increase

By Haig Simonian in Ivrea

OLIVETTI, the Italian computers and office equipment group, raised sales by 7 per cent to L3,181bn ($2.6bn) in the first five months of this year, against L2,970bn in the same period in 1989.

Profits for the period were not disclosed. However, Mr Carlo De Benedetti, the chairman, warned that earnings were likely to be affected by about L100bn this year if the lira remained at its present high levels, while sales would be L300-400bn below budget. Olivetti's net earnings in 1989 fell by 43 per cent to L202.8bn.

Stressing that sales actually rose by 10.5 per cent in the five months after foreign exchange adjustments, Mr De Benedetti said: "1990 will be another very difficult year, especially taking into account the penalising effect of the lira's current exchange rate on Italian exporters."

However, he took heart from the continuing rise in orders, which had climbed by 13.2 per cent in the first five months of this year, and by 16.6 per cent adjusted for currency factors.

Mr De Benedetti declined to make any forecast for profits for the year. He said Olivetti was determined to cut costs by 2 per cent this year.

In the recent past, costs had been rising by around 10 per cent annually, he said.

Mr De Benedetti gave little indication of Olivetti's strategy following its recent decision to end talks with Philips over co-operation in computer production. Indicating that Philips would have to concentrate on restructuring its own computer operations before entering into joint ventures, he said Olivetti was pursuing talks with leading computer groups, including Siemens, Bull, Nokia and ICL.

He also said the group planned to seal a joint venture in Japan for its office division before the end of the year.

While also declining to shed any light on whether the company's computer operations were currently trading in the black, Mr De Benedetti identified Olivetti's PCS computer range and its facsimile machines as its best performing products at present.

FT writers profile the personalities behind the Philip Morris takeover of Suchard

A bitter-sweet occasion for Jacobs

KLAUS JACOBS yesterday gave up his battle to become the equal of Nestlé and Mars in the world chocolate and coffee business, writes William Dullforce in Geneva.

Realism may have prevailed over emotion, but it can only have been with a wrench that he sold his controlling stake in Jacobs Suchard, the SFr6.7bn ($4.6bn) coffee and chocolate group he had built up over the past two decades, to Philip Morris, the cash-rich US conglomerate.

Mr Jacobs, 54, is a complex character. Combative and even possessed in his drive to forge a company that could compete with the giants of the business, he closed factories and cut personnel ruthlessly.

Yet visitors were often impressed by his charm and he was capable of visionary utterances when trying to spell out his management philosophy and inspire his staff.

A champion horseman, who was a member of the last Swiss Olympic dressage team, although he did not finally compete, he runs his own stables and starts each day riding. He is a leading figure in the Swiss Boy Scout movement; he is an opera lover.

Klaus Jacobs: realism may have prevailed over emotion

Some friends believe that it was family considerations as much as a realistic assessment of his ability to retain control of Jacobs Suchard that motivated the sale of his stock. He has two sons from a first marriage and four young children from his second.

The grand-nephew of the founder of the Jacobs coffee business in Hamburg in 1895, Klaus Jacobs took charge in 1974 after, as the result of an aborted merger, the family had established a holding company in Zurich.

In 1982 he shook Swiss chocolatiers by buying the Suchard and Tobler names. Since then he has spent some $1.5bn on acquisitions. He snatched Côte d'Or, Belgium's quality chocolate maker, from under Nestlé's nose and then lost a takeover battle for Britain's Rowntree to the bigger Swiss group.

He fumbled in the US, where management mistakes, for which he took responsibility in April, tumbled E. J. Brach, a new acquisition, into the red. By that time he was already talking about the need for alliances in the global coffee and chocolate business.

But he is not abandoning Brach, whose $50m operating loss led to a 10 per cent drop in the Swiss group's net earnings last year. Then Jacobs Suchard reported consolidated net earnings of SFr275m ($195m).

Along with Brach, Mr Jacobs is buying from Jacobs Suchard the Van Houten industrial chocolate business and equity stakes in three banks in Europe which finance trading in coffee and cocoa. He will also acquire the Nabob coffee company in Canada.

Mr Jacobs had decided to sell the company he had built up over the last 20 years because he feared that his controlling position was acting as a brake on the company's development, an official close to him explained.

Mr Jacobs is selling Colima, the holding company through which he controls 57 per cent of Jacobs Suchard voting rights. He will remain chairman of Jacobs Suchard, which will continue to operate under its present name and retain its headquarters in Switzerland, but he will quit the chief executive's post.

Maxwell's house of grand ambition

MR HAMISH MAXWELL, the chairman of Philip Morris, is a man of modest style and grand ambitions, writes Martin Dickson in New York.

Affable, jovial, but hard as nails, he has single-mindedly pursued the goal of turning Philip Morris from a narrowly based tobacco company into a consumer products group from the first moment he took over as chairman in July 1984.

The next year he pulled off the $5.7bn acquisition of General Foods, taking the company for the first time into branded packaged foods. He followed that up in 1988 with the $13bn takeover of Kraft, to create the world's second largest packaged foods company. Yesterday's Suchard deal pursues this logic a stage further by giving the foods business a critical mass it lacked in Europe.

Aged 63, he is a soft-spoken Scotsman who was born into the cigarette industry: his father was a tobacco-leaf dealer in Liverpool. After serving in the Royal Air Force and studying history at Cambridge, he took a job selling tours for Thomas Cook. That brought him to the US, where he met his wife and where, in 1954, thanks to his father's connections, he managed to get a job with Philip Morris.

It was an auspicious year to join the company; 1954 was when Morris, then the weakest of the large tobacco companies, relaunched its Marlboro brand with a macho, cowboy image which was to transform the group into the most successful in the sector.

Maxwell began in advertising and brand management and worked his way to the top mainly on the international side. In 1981 he snatched a big deal involving Rothmans of the UK from the grasp of arch-rival R. J. Reynolds at the last moment.

A self-confessed "hands on" manager, he has a habit of by-passing senior executives to get reports straight from middle-rankers. He is said never to lose his aplomb and to be a tireless perfectionist, or, as a colleague puts it, to have a "high level of constructive dissatisfaction."

Camembert maker up for sale

By George Graham in Paris

BRIDEL, France's fourth largest dairy group and number two in the camembert market, is up for sale.

Mr Emile Bridel, the group's 71-year-old chairman, has retained Société Générale, the private sector bank, to find buyers for the company which his forebears founded in 1848.

One of Bridel's competitors, the Boursin soft cheese company, sold out last October to Unilever, the Anglo-Dutch consumer products group, for an undisclosed sum believed to have been between FFr800m ($141m) to FFr1bn.

On the same multiple of its 1989 earnings of FFr100.7m, Bridel could conceivably change hands for FFr2bn to FFr3bn.

Mr Bridel last year took back the chairmanship of the family business from his son, Olivier. He also recently bought out the 20 per cent stake held jointly by Crédit Lyonnais, the state-owned commercial bank, and by Paribas, the private sector merchant bank.

Dairy industry specialists say that Mr Bridel is unlikely to take kindly to a bid from his long-standing rival Mr Michel Besnier, whose group has the top two camembert brands, Président and Le Châtelain, as well as the leading unpasteurised camembert, Lepetit.

Mr Bridel is thought to be more friendly with Union Laitiére Normande, the leading French dairy cooperative which is also number three in camembert, but the bidding is expected to attract foreign buyers such as Kraft.

While camembert is still one of France's most widely eaten cheeses, production has in recent years been slipping, and has also been drifting away from the Normandy heartland.

Nevertheless, it remains a deeply symbolic cheese for the French, and a sale abroad would probably cause a certain amount of heart-searching.

Morgan Stanley to reorganise London equity operations

MORGAN Stanley, the US investment bank, is reorganising its international equity operations in London, with Mr Amir Ellon, managing director, heading a new strategic equity products division, writes Deborah Hargreaves.

The shake-up leaves Mr Ellon's new role unclear, beyond leaving him free to concentrate on specific worldwide projects in the convertible share, debt and equity warrant areas. He will strengthen Morgan's traditional expertise in these areas. The company said changes in the capital markets and the introduction of the rule 144a private placement market in the US contributed to a change in the alignment of its resources.

Mr Will Osborne will replace Mr Ellon as head of the worldwide equity capital markets group.

Ecu bond future launched by UBS Phillips & Drew

By Deborah Hargreaves

UBS Phillips & Drew, the UK arm of the Swiss bank, has launched an over-the-counter Ecu bond futures contract – the first time a derivative contract will be traded on Ecu bonds.

France's future exchange, the Matif, is expected to announce the launch of its Ecu bond futures product next week. The market expects Matif's contract to be based on the French Government's Ecu OAT issue.

UBS's contract is based on a wider range of bonds – the criteria for delivery into the contract is that the bond must have a triple A rating from at least one credit agency as well as Ecu 750m ($915m) outstanding.

Three bonds will be eligible for delivery against the firm's September contract: the Italy 2000 issue, the OAT 1997 and the EIB 1997. This will be broadened in December to include the OAT 2000 and the Italy 1997.

Prices for the Ecu bond futures contract, which is currently trading at a 15-tick spread, will be quoted on Reuters.

The firm expects the product to be attractive to hedgers of Eurobond holdings as well as speculators.

Several attempts have been made to launch Ecu derivative products.

The London International Financial Futures Exchange trades a three-month Ecu futures contract, but the exchanges have yet to come up with a viable Ecu bond product.

Director steps down

NATIONAL Australia Bank said chief operating officer Don Argus will replace managing director Nobby Clark when Mr Clark retires on October 1, Reuter reports.

Mr Clark will stay on as an executive director of the bank responsible for strategy for global banking.

Benckiser up at DM112bn thanks to acquisitions

By our financial staff

BENCKISER, the acquisitive West German detergents group, group has increased net income by 55 per cent for 1989, thanks mostly to acquisitions plus the group's strategy of concentrating on brand products.

The company said net profits had risen to DM112.4bn ($66.9bn) for 1989, following an improvement in margins. Benckiser's net profit margin, net profit as a share of sales, edged up to 5.1 per cent from 4.9 per cent in 1988.

Group sales advanced by 46 per cent to DM2.18bn, mostly because of the purchase of two Italian companies, Mira Lanza and Finpanigal. The figures do not include sales from S.A. Camp, a newly acquired Spanish subsidiary.

Peter Harf, Benckiser's managing director, said the acquisition of the Margaret Astor and Lancaster cosmetics lines from Smithkline Beecham in May would boost full-year sales by more than 50 per cent to around DM3.4bn. He said earnings should climb at a similar pace.

Based on the data from the first five months, when sales jumped about 40 per cent from a year earlier, "we have no indication" that profit growth will not keep up with the rise in turnover, Mr Harf said.

The takeover of Astor/Lancaster was Benckiser's first foray into cosmetics following a string of acquisitions in the European household cleaner market.

With that move, the closely held company will have nearly tripled its sales volume in just three years.

Falck and Ilva close to deal over assets exchange

By John Wyles in Rome

ILVA, Italy's state-owned steel company, looks set to reach agreement with the nation's largest private sector steel producer, Falck, on an equity investment and exchange of assets which will take the restructuring of the Italian steel industry a significant step forward.

The Falck board is expected to embrace the Ilva proposals next Thursday after months of uncertainty in which the private sector company has been conducting parallel negotiations with France's Usinor-Sacilor. The deal would involve Ilva taking a 5 per cent stake in Falck, a stock market listed company, as the basis for a relationship which would rationalise their overlapping activities through joint ventures and exchanges of plant.

Ilva's outlay is expected to be about L300bn ($243m) on an exercise which will see it acquiring Falck's coated steels and tubes businesses. The two groups would also exchange minority holdings in each other's special steels activities and would create a joint venture in rolled strips. Falck would become an important supplier to Ilva of sheet steel and of semi-finished product for rolling.

Ilva has already made a number of similar agreements with Italy's private sector in its strategic attempt to reduce overlapping activities and to achieve economies of scale in national and international markets.

The Falck accord would strengthen its hand in talks with foreign producers with whom it is seeking technical and marketing partnerships.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$348.75	+1.25	$363.50	$420.25	$345.75
Silver Per troy oz	278.60p	-4.75	347.80p	323.50p	278.60p
Aluminium 99.7% (cash)	$1553.5	-29.0	$1947.5	$1655	$1380.0
Copper Grade A (cash)	£1482	-37	£1711	£1747.5	£1304.50
Lead(cash)	£503.00	+19.75	£432.0	£790	£413.0
Nickel (cash)	$8787.5	+125.0	$12125	$10225	$6075
Zinc SHG (cash)	$1717.5	+37.5	$1530	$1869	$1250
Tin (cash)	$6165	+5	£10000	$7020	$6150
Cocoa Futures (Sep)	£758	-50	£834	£967	£622
Coffee Futures (Sep)	£580	-38	£1090	£757	£567
Sugar (LDP Raw)	$311.40	+5.90	$315	$388.4	$305.50
Barley Futures (Nov)	£115.10	-0.90	£108.45	£116.45	£103.45
Wheat Futures (Sep)	£112.05	-1.45	£106.00	£123.45	£111.00
Cotton Outlook A Index	89.70c	-0.05	79.75c	90.70c	73.70c
Wool (64s Super)	482p	-3	620p	580p	482p
Oil (Brent Blend)	$16.125z	-0.200	$16.35	$21.975	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-August

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$13.87-4.00w	-.435
Brent Blend	$16.10-6.15w	+.525
W.T.I. (1 pm est)	$17.46-7.48w	+0.70
Oil products		
(NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$217-219	-1
Gas Oil	$147-148	+2
Heavy Fuel Oil	$62-64	
Naphtha	$141-143	-2
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$348.75	-1.25
Silver (per troy oz)♣	482c	-3
Platinum (per troy oz)	$476.45	-2.30
Palladium (per troy oz)	$113.75	-0.35
Aluminium (free market)	$1555	+10
Copper (US Producer)	120c	-1½
Lead (US Producer)	45c	
Nickel (free market)	425c	
Tin (Kuala Lumpur market)	16.45r	-0.02
Tin (New York)	280c	-1
Zinc (US Prime Western)	87c	-½
Cattle (live weight)†	103.93p	-4.38*
Sheep (dead weight)†	151.31p	-16.4*
Pigs (live weight)†	108.29p	-0.09*
London daily sugar (raw)	$311.4t	-3.5
London daily sugar (white)	$285t	-2
Tate and Lyle export price	£293	-2
Barley (English feed)	£114.5w	
Maize (US No. 3 yellow)	£148	
Wheat (US Dark Northern)	£124.5	
Rubber (Jul)♥	55.00p	+0.50
Rubber (Aug)♥	55.50p	+0.50
Rubber (KL RSS No 1 Jul)	233m	
Coconut oil (Philippines)§	$320.0t	+2.5
Palm Oil (Malaysian)§	$275.0q	
Copra (Philippines)§	$220w	-5
Soyabeans (US)	£150.5	+1.5
Cotton "A" index	89.70c	
Wooltops (64s Super)	482p	-3

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-Jul/Aug. u-Oct/Dec. v-Jun/Jul. w-Aug. z-Aug/Sep. y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Aug	279.80	281.20	282.40	278.00
Oct	276.60	278.20	279.80	274.00
Dec	281.80	280.00	270.00	
Mar	267.00	267.80	268.40	265.60
May	268.80	267.80	268.60	264.00
Aug	266.20	266.40	267.00	265.40
Oct	263.00	265.00	263.00	262.00
White	**Close**	**Previous**	**High/Low**	
Aug	380.0	378.0	380.5	376.0
Oct	357.0	356.0	358.0	355.0
Dec	352.0	349.5	351.0	350.0
Mar	345.5	344.0	346.0	343.9
May	343.0	341.5	342.5	340.8
Aug	341.5	340.5	341.0	
Oct	331.0		330.5	

Turnover: Raw2499 (3016)lots of 50 tonnes. White 1532 (2006)
Paris- White (FFr per tonne): Aug 2140, Oct 2024 Dec 1990, Mar 1985, May 1980

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Aug	16.03	15.83	16.16	15.86
Sep	16.46	16.30	16.53	16.28
Oct	16.75	16.54	16.78	16.65
Dec	16.90	16.79	16.90	
IPE Index	15.76	15.59		

Turnover: 12608 (12078)

GAS OIL – IPE			$/tonne	
	Latest	Previous	High/Low	
Jul	145.00	142.75	145.50	143.75
Aug	145.50	143.50	146.25	144.25
Sep	148.00	146.75	148.50	146.50
Oct	151.25	149.75	151.50	150.25
Nov	153.25	152.00	153.75	152.00
Dec	155.25	154.00	155.25	154.50
Jan	156.25	153.25	156.25	

Turnover 5523 (6119)lots of 100 tonnes

SPICES
Indonesian nutmeg stock is estimated at about 9,500 tonnes.Grenada stock at 1,200 tonnes, reports Man Producten. Majority of these 10,700 tonnes expected to be of the lowest quality as they had to be stored in origin for a long period. In order to avoid quality problems some grinders show more interest for ss and abcd. Origin is offering bwp $900, shrivels $1,600 and abcd $2,250. Cassia - ka broken/cleaned 85 cents cnf, origin asking bids for ka/va sticks at about 87 cents. Cloves unchanged. Pimento – newcrop Mexican traded for Aug/Sep shipment at $1,600 cnf.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Jul	734	765	753	734
Sep	756	787	777	755
Dec	790	817	806	784
Mar	822	836	831	814
May	845	861	850	835
Jul	863	881	868	854
Sep	884	899	889	874

Turnover: 10463 (5363) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 21 1000.99 (1014.18) 10 day average for Jun 22 994.05 (999.59)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Jul	564	575	570	558
Sep	580	600	594	578
Nov	600	619	613	598
Jan	618	637	629	617
Mar	636	653	645	635
May	655	672	663	654
Jul	670		678	

Turnover: 6094 (3769) lots of 5 tonnes
ICO indicator prices (US cents per pound) for June 21: Comp. daily 68.59 (68.22). 15 day average 70.93 (71.25)

POTATOES – BFE			£/tonne	
	Close	Previous	High/Low	
Nov	90.0	91.0	90.0	89.5
Apr	126.5	123.7	126.5	122.5
May	140.0	137.0	139.0	

Turnover 140 (267) lots of 40 tonnes.

SOYABEAN MEAL – BFE			£/tonne	
	Close	Previous	High/Low	
Aug	113.00		113.00	
Oct	116.50	115.50	116.50	116.00

Turnover 35 (20) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/index point	
	Close	Previous	High/Low	
Jun	1133	1130	1130	
Jul	1015	1012	1020	1000
Oct	1085	1081	1090	1085
Jan	1108	1100	1110	1090
Apr	1115	1105	1115	
BFI	1152	1159		

Turnover 292 (331)

GRAINS – BFE			£/tonne	
Wheat	Close	Previous	High/Low	
Jun	112.05	120.50	121.50	120.75
Sep	112.05	112.30	112.05	112.00
Nov	116.05	116.40	116.20	116.05
Jan	120.00	120.10	120.10	120.00
Mar	123.50	123.60		
May	126.80	127.00		
Barley	**Close**	**Previous**	**High/Low**	
Sep	110.75	111.10	111.00	110.70
Nov	115.10	115.85	115.10	115.00
Jan	118.25	118.40		
Mar	121.30	121.50	121.00	
May	122.60	122.80		

Turnover: Wheat 147 (170), Barley 35 (84). Turnover lots of 100 tonnes.

PIGS – BFE			(Cash Settlement) p/kg
	Close	Previous	High/Low
Aug	125.0	125.3	125.0
Oct	123.0	123.5	

Turnover 3 (100) lots of 3,250 kg

LONDON METAL EXCHANGE			(Prices supplied by Amalgamated Metal Trading)			
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 9,071 lots	
Cash	1552-6	1546-8	1577/1558	1558-9		
3 months	1572-4	1567-8	1578/1568	1579-80	1598-9	43,694 lots
Copper, Grade A (£ per tonne)					Total daily turnover 13,772 lots	
Cash	1481-3	1465-7	1481/1474.5	1475-6		
3 months	1455-7	1446-7	1459/1450	1454.5-5.5	1449-50	79,695 lots
Lead (£ per tonne)					Total daily turnover 1,658 lots	
Cash	502-4	483-5	506/491	490.5-1.5		
3 months	506-7	490-1	509/495	496.5-8.0	500-2	9,607 lots
Nickel ($ per tonne)					Total daily turnover 1,984 lots	
Cash	8775-800	8600-25	8825/8775	8770-5		
3 months	8760-75	8800-10	8825/8750	8780-5	8825-50	8,487 lots
Tin ($ per tonne)					Total daily turnover 780 lots	
Cash	6160-70	6155-65	6145/6142	6140-2		
3 months	6275-80	6270-7	6275/6270	6260-5	6270-80	5,681 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 5,755 lots	
Cash	1715-20	1653-7	1697/1695	1694-5		
3 months	1643-4	1598-600	1647/1595	1620-1	1630-5	10,144 lots

LME Closing £/$ rate: SPOT: 1.7295 3 months: 1.7025 6 months: 1.6765 9 months: 1.6576

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	348½-349	201¼-201¾
Opening	349¼-349¾	203¼-203¾
Morning fix	349.35	202.892
Afternoon fix	348.40	201.582
Day's high	349½-350	
Day's low	347½-348	
Coins	**$ price**	**£ equivalent**
Mapleleaf	357-362	208½-209½
Britannia	357-362	208½-209½
US Eagle	357-362	208½-209½
Angel	357-362	208½-209½
Krugerrand	348-351	201-202
New Sov.	82-84	47½-49
Old Sov.	82-84	47½-49
Noble Plat	482.20-488.85	279.00-283.40
Silver fix	**p/fine oz**	**US cts equiv**
Spot	278.60	482.20
3 months	288.90	492.20
6 months	299.20	502.30
12 months	320.20	525.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1500	65	90	2	19
1600	6	34	40	58
1700		9	138	130
Copper (Grade A)	**Calls**		**Puts**	
2400	154	122	1	40
2500	65	67	11	83
2600	14	33	59	146
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
550	41	71	16	21
600	22	43	43	48
650	9	23	[illegible]	[illegible]
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
750	41	87	34	46
800	22	63	65	75
850	9	44	[illegible]	[illegible]
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1600	33	35	40	
1650	17	16		
1700	7	35		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jun	350.4	350.7	351.2	349.0
Jul	350.7	351.0	0	0
Aug	352.8	353.1	354.0	350.8
Oct	357.2	357.5	357.7	355.5
Dec	361.6	362.0	362.8	359.7
Feb	366.1	366.6	366.2	364.8
Apr	370.6	371.0	0	0
Jun	375.0	375.5	375.0	375.0
Aug	379.5	380.0	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	479.0	480.0	480.8	477.0
Oct	484.7	486.1	487.0	483.0
Jan	490.0	491.6	490.5	488.5
Apr	495.0	496.8	497.5	0
Jul	500.5	501.9	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jun	481.3	482.4	0	0
Jul	482.0	483.2	484.0	479.0
Aug	485.8	487.0	0	0
Sep	489.9	491.2	491.5	487.0
Dec	501.0	502.2	503.5	498.0
Jan	504.3	505.5	0	0
Mar	511.7	512.9	513.0	511.0
May	519.0	520.2	520.5	518.2
Jul	526.4	527.6	528.0	[illegible]
Sep	534.3	535.5	535.0	534.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jun	112.35	111.00	112.50	111.80
Jul	111.20	110.20	111.75	110.00
Aug	110.50	110.00	110.50	110.00
Sep	110.50	109.60	110.80	109.50
Oct	107.30	107.25	0	0
Nov	106.00	105.15	0	0
Dec	105.00	104.20	105.00	105.10
Jan	104.25	103.60	0	0
Feb	103.30	102.30	0	0
Mar	101.80	101.80	101.30	101.20
Apr	101.20	101.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Aug	17.38	16.94	17.49	17.01
Sep	17.93	17.54	18.00	17.61
Oct	18.35	18.02	18.41	18.04
Nov	18.65	18.39	18.70	18.44
Dec	18.90	18.68	18.99	18.75
Jan	19.12	18.87	19.20	18.95
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls [illegible]

COCOA 10 tonnes;$/tonnes [illegible]

COFFEE "C" 37,500lbs; cents/lbs [illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs [illegible]

COTTON 50,000; cents/lbs [illegible]

ORANGE JUICE 15,000 lbs; cents/lbs [illegible]

INDICES				
REUTERS (Base: September 18 1931 = 100)				
Jun 22	Jun 21	mnth ago	yr ago	
1634.1	1634.4	1629.7	2227.5	
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jun 21	Jun 20	mnth ago	yr ago
Spot	131.32	133.38	135.81	132.83
Futures	131.07	130.94	135.84	132.44

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jul	599/4	603/2	605/4	596/2
Aug	605/4	609/6	613/0	602/4
Sep	610/0	614/6	617/0	607/4
Nov	619/0	623/0	626/0	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb [illegible]

SOYABEAN MEAL 100 tons; $/ton [illegible]

MAIZE 5,000 bu min; cents/56lb bushel [illegible]

WHEAT 5,000 bu min; cents/60lb-bushel [illegible]

LIVE CATTLE 40,000 lbs; cents/lbs [illegible]

LIVE HOGS 30,000 lb; cents/lbs [illegible]

PORK BELLIES 40,000 lbs; cents/lb [illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Trade news boosts sterling

A smaller-than-expected UK May current account deficit combined with continuing high interest rates boosted sterling against most of the major currencies. Meanwhile, the US dollar was little changed despite a strong increase in durable goods orders.

Sterling opened lower in Europe as fears of poor trade figures led some interbank dealers to run short positions. News of the improved trade statistics, however, forced the shorts to cover their positions and sterling moved higher. The deficit of £1.32bn was slightly less than expected and compared with £1.52bn the previous month.

During the afternoon sterling continued to rise as investors took long positions before the weekend. Sterling's high yield and the expectation that it will not move sharply from current levels in the foreseeable future were the principal attractions. "The bottom line is that with 15 per cent interest rates compared with 7 or 8 in the other major currencies and not much short-term exchange risk, a 6 per cent yield makes sterling quite attractive," said an interbank dealer.

Sterling closed higher at DM2.9025 from DM2.9000; at $1.7330 from $1.7255; at SFr2.4425 from SFr2.4400; at FFr9.7400 from FFr9.7325; and at Y268.25 from Y267.25. Sterling's exchange rate index, calculated by the Bank of England, closed 0.2 point higher at 91.2.

The US dollar was steady despite a 3.9 per cent increase in May durable goods orders, nearly double market expectations and a revised 4.2 per cent fall the previous month.

Analysts said the figures were too erratic to provide a reliable enough guide to the health of economy or to influence monetary policy.

With no major US economic statistics released until the begining of July, the dollar is expected to be trapped in a narrow range. However, uncertainty about the next move in US monetary policy could influence the dollar before the Federal Open Market Committee meets in early July.

Recent economic data has pointed to slower growth and stable inflation which may tempt the Fed to loosen monetary policy. But uncertainty over the effects of German monetary union could persuade it to leave rates unchanged over the summer.

The dollar closed lower at DM1.6745 from DM1.6800; at SFr1.4090 from SFr1.4145; at Y154.75 from Y154.85; and at FFr5.6200 from FFr5.6400. The dollar's index closed unchanged at 67.5.

High interest rates again attracted buyers of the Australian dollar and the Reserve Bank of Australia was forced to intervene to curb its rise. The Australian dollar closed at 78.5 US cents from 78.9, having traded down to 77.9 after the intervention.

£ IN NEW YORK

June 22	Latest	Previous Close
£ Spot	1.7315-1.7325	1.7195-1.7205
1 month	0.93-0.91pm	0.92-0.91pm
3 months	2.72-2.70pm	2.72-2.69pm
12 months	9.15-9.08pm	9.20-9.10pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7330	1.7239	1.7060	1.6810	1.6417
D-mark	2.9025	2.8867	[illegible]	2.8170	2.7576
French Fr.	9.7400	9.7005	9.6275	9.5275	9.3780
Swiss Fr.	2.4425	2.4312	2.4079	2.3729	2.3111
Yen	268.25	266.64	[illegible]	259.09	251.69

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

June 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7145 - 1.7335	1.7325 - 1.7335	0.92-0.90cpm	6.30	2.72-2.69pm	6.24
Ireland†	1.5955 - 1.6000	1.5990 - 1.6000	0.29-0.34cdis	-2.36	0.92-1.02dis	[illegible]
Canada	1.1750 - 1.1830	1.1820 - 1.1830	0.48-0.51cdis	-5.02	1.52-1.57dis	-5.23
Netherlands	1.8825 - 1.8910	1.8825 - 1.8835	0.02cdis-par	-0.06	0.02-0.05dis	-0.07
Belgium	34.35 - 34.50	34.40 - 34.50	1.00-6.00cdis	[illegible]	7.00-15.00dis	[illegible]
Denmark	6.37¼ - 6.39½	6.37½ - 6.38	1.20-1.40oredis	-2.45	3.40-3.90dis	-2.29
W. Germany	1.6730 - 1.6820	1.6740 - 1.6750	0.05-0.02pfpm	0.25	0.05-0.02pm	0.08
Portugal	146.70 - 147.20	146.70 - 146.80	60-70cdis	-5.31	[illegible]	-6.61
Spain	103.20 - 103.55	103.20 - 103.30	51-56cdis	-6.22	155-167dis	-6.24
Italy	1226½ - 1232	1226½ - 1227	2.60-3.10liredis	-2.79	8.60-9.60dis	-2.97
Norway	6.44½ - 6.46½	6.44¾ - 6.45¼	1.50-1.80oredis	-3.07	5.00-5.50dis	-3.26
France	5.62 - 5.64¼	5.61¾ - 5.62¼	0.68-0.73cdis	[illegible]	2.27-2.37dis	[illegible]
Sweden	N/A	6.06¼ - 6.06¾	1.80-1.95oredis	[illegible]	5.85-6.20dis	[illegible]
Japan	154.55 - 154.95	154.70 - 154.80	0.13-0.11ypm	-0.93	0.36-0.33pm	0.89
Austria	11.80¼ - 11.82¼	11.80¾ - 11.81¼	0.15-0.50grodis	-0.33	0.40-1.10dis	-0.25
Switzerland	1.4075 - 1.4165	1.4085 - 1.4095	0.07-0.10cdis	-0.72	0.18-0.24dis	-0.60
ECU	1.2275 - 1.2315	1.2300 - 1.2310	0.16-0.15cpm	1.51	0.57-0.55pm	0.82

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT- FORWARD AGAINST THE POUND

June 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7145 - 1.7335	1.7325 - 1.7335	0.92-0.90cpm	6.30	2.72-2.69pm	6.24
Canada	2.0180 - 2.0445	2.0400 - 2.0410	0.26-0.17cpm	[illegible]	0.61-0.48pm	0.99
Netherlands	3.24¾ - 3.27	3.25¾ - 3.26¾	[illegible]	6.21	[illegible]	6.13
Belgium	59.05 - 59.75	59.65 - 59.75	30-20cpm	5.03	82-66pm	4.96
Denmark	10.95¾ - 11.06¼	11.04¾ - 11.05¾	[illegible]	3.87	[illegible]	3.98
Ireland	1.0745 - 1.0870	1.0800 - 1.0810	0.39-0.35ppm	4.11	1.15-1.05pm	4.07
W. Germany	2.88¼ - 2.90½	2.90 - 2.90½	[illegible]	[illegible]	[illegible]	6.29
Portugal	252.30 - 255.50	254.50 - 255.50	33-14cpm	1.11	3-27dis	-0.24
Spain	177.15 - 178.75	178.30 - 178.60	7-par cpm	0.24	14-4pm	0.20
[illegible]						

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open int.
June	2028.0	2030.0	+11.0	2034.0	2011.0	4,410
July	2030.0	[illegible]	+10.0	2032.0	2015.0	2,615
August	2039.0	2035.0	[illegible]	2039.0	2031.5	240
September	2041.0	2041.0	+12.0	2041.0	2041.0	10

Estimated volume 6,667 Total Open Interest 7,275

BANK RETURN

BANKING DEPARTMENT	Wednesday June 20, 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	48,846,599	+	2,748,873
Bankers Deposits	1,765,580,606	+	107,972,411
Reserve and other Accounts	1,948,204,907	-	8,897,232
	3,778,185,112	+	101,823,452
ASSETS			
Government Securities	1,292,251,738	+	171,880,000
Advance and other Accounts	806,367,589	+	36,670,123
Premises Equipment & other Secs	1,674,576,818	-	[illegible]
Notes	4,801,539	-	7,020,714
Coin	187,448	+	15,028
	3,778,185,112	+	101,823,452
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,615,198,461	+	17,020,714
Notes in Banking Department	4,801,539	-	7,020,714
	15,620,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	13,336,651,962	+	[illegible]
Other Securities	2,272,332,938	-	42,064,884
	15,620,000,000	+	10,000,000

MONEY MARKETS

Steady UK rates

UK money rates were steady yesterday after the release of the latest balance of payments figures which were slightly better than market expectations. The key three-month interbank rate was unchanged at 14$\frac{15}{16}$-14⅞ per cent.

News that the May current account deficit narrowed modestly boosted sterling and rates held steady. Money rates were given further support after Mr John Major, the Chancellor, said the UK must maintain a tight monetary policy in order to get inflation down. Although this was a reiteration of policy, it bolstered market rates.

UK clearing bank base lending rate 15 per cent from October 5

In the futures market trading was subdued. September short sterling was off 2 points at 85.43, while December eased 3 to 86.17.

The money market was also alert, as ever, to the Bank of England's daily operations. A big credit shortage of £1.1bn was forecast, although this had been expected as a large number of bills were known to be maturing. The Bank bought a total of £929m bills and this compared with a final estimate of the shortage of £1.1bn. The underfunding had little impact on rates.

Of the factors causing the shortage, bills maturing in official hands were forecast to drain £238m, Exchequer transactions £390m and a rise in the note circulation £470m. The shortage was reduced slightly by bankers' balances, which were estimated to be £5m above target.

In early operations, the Bank purchased £131m of bank bills, of which £32m were in band 1 at 14⅞ per cent and £99m were in band 2 at 14¾. During the morning, the shortage was revised to £1.2bn and it bought a further £229m of bills. This comprised £37m of band 1 bank bills at 14⅞ per cent. In band 2 it bought £100m Treasury bills at 14¾ per cent and £92m bank bills at 14¾. During the afternoon, the shortage was again revised to £1.1bn and the Bank purchased £354m of bills. Finally, late assistance of £215m was provided.

In Frankfurt call money eased to 7.55-7.65 per cent from 7.70-7.80 as liquidity remained in good supply. Rates could rise next week as banks seek funds to compensate for the outflow of June tax payments.

In New York the Federal Reserve did not conduct any open market operations, which had been expected. At the normal time of Fed operations, Federal Funds were at 8$\frac{5}{16}$ per cent against 8¼ at the same time the previous day.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe G'rantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk. of Kuwait	15		

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2888

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £105

Corporation and County Stocks
No. of bargains included nil

Greater London Council 6¼% Stk 90/92 – £99¾

UK Public Boards

Commonwealth-Government

Foreign Stocks, Bonds, etc—(coupons payable in London)

Sterling Issues by Overseas Borrowers
No. of bargains included 28

Asian Development Bank 10¼% Ln Stk 2009(Reg) – £89½

Caisse Centrale De Cooperation Econ 12¾% Gtd Ln Stk 2013(Reg) – £103⅞ ⅝ (20Ju90)

Caisse Nationale Des Autoroutes 16% Gtd Ln Stk 2006 – £128⅝ (19Je90)

Credit Foncier De France

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Insurance

Investment Trusts

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water

Tendring Hundred Waterworks Co 3.5%(Fmly 5%)Max New Ord £10 – £45

Wrexham & East Denb Water Co 3.5%(Fmly 5%)Cons Prf Stk – £470 (20Je90)

York Waterworks Co10% Red Deb Stk 96/98 – 395 (18Je90)

Miscellaneous Warrants
No. of bargains included nil

Bankers Trust International LdWts Rel to Ord Shs in Rolls Royce PLC – 80½ (20Je90)

Salomon IncHK$CallWts to purchOrdShs HK Telecom Ld – $H2.02 (20Je90)

USM Appendix

The Third Market Appendix

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Exploration A$2.28 .29032
Aust. Foundation Inv A$1.565
Beverly Enterprises $5 ♦
Boral Ord. Stk. A$3.35
Cape Range Oil A$.119 (19/6)
Cons. Goldmines A$0.15
Cons. Modderfonteins R1.9 ♦ 20 (20/6)
Coopers Resources 17 A$.301 (15/6)
Email Ord Stk A$3.34499 .36 (19/6)
Highveld Steel & Vanadium R17.25 .7
Kern Corp A$1.2800 3100 (15/6)
Kulim Malaysia Ord 38 (20/6)
Kulim Malaysia Ord (Malay Ord) M$2.25 (15/6)
Leighton Hldgs A$.84339
Malaysian Plantations M$1.255
National Electronics (Consolidated) 5.5 9
Nixdorf Computers AG Prf Shs DM312 (20/6)
Norandit Inc. $9.75
Oil Search 24.7
Olimet A$.313
Overseas Chinese Banking Corp S$10.74063 (15/6)
Palabora Mining $18.875 (18/6)
Samantha Exploration A$.937 .99645 1.01808
Strategic Minerals Corp A$.145 .1455
Vamgas A$2.58824 .6 (19/6)
Westfield Minerals $1.06 (18/6)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Trade figures fail to inspire equities

A MODEST reduction in the UK monthly trade deficit in May proved insufficient to inspire any lasting advance in UK equities yesterday and share prices ended the week firmly but below the day's best levels. Firmness in the pound and in UK Government bonds was offset by the sluggish trend of Wall Street and by minor profit-taking as the London equity market came to the end of a somewhat patchy two-week trading account.

The significant news developments of the day were unhelpful for the market. The UK food sector turned lower on confirmation that Philip Morris, the US tobacco and confec-

Account Dealing Dates

*First Dealings:	Jun 11	Jun 25	Jul 9
Option Declarations:	Jun 21	Jul 5	Jul 19
Last Dealings:	Jun 22	Jul 6	Jul 20
Account Day:	Jul 2	Jul 16	Jul 30

*New-time dealings may take place from 8.30 am two business days earlier.

tionery group, is bidding for Jacobs Suchard of Switzerland; second thoughts in the UK market prompted realisation that the Morris bid will create a formidable rival for Cadbury-Schweppes and United Biscuits, both companies with business areas which overlap with the proposed new US-Swiss consumer industry giant.

British Airways (BA) shares slipped lower after hints from Brussels that the European Commission will block the planned link-up of BA, Sabena of Belgium and KLM Royal Dutch Airlines.

Equities opened firmly despite a fall in Tokyo and a modest gain in New York overnight, but managed to struggle upwards ahead of the announcement of the UK trade figures, despite a sluggish lead from the stock futures market.

The disclosure of a current account deficit of £1.32bn for May, against a revised £1.6bn in the previous month, was comfortably in line with market forecasts and the market briefly held its early gain of 10.8 Footsie points.

The Government bond market had looked uncertain at first as sterling opened slightly below overnight levels. But as the pound responded well to the trade figures, Gilt-edged turned higher and at best were ¾ up at the longer end of the range. However, interest faded and gains were trimmed to a net ⅛ by the end of the day.

Equities lost momentum more quickly, with sellers moving in soon after the trade figures. With little sign of institutional interest in the market, traders turned their attention to the prospects for the close of the trading account. Stock was gently sold until Wall Street opened with a brief uptick which then melted away to leave the Dow Average only 5.94 up as London closed.

The final reading showed the FT-SE Index at 2,378.5, a net rise of 8.2 points. The market has lost 13.8 Footsie points this week but remains 11.9 up over the two week account. Optimism regarding early British entry into the exchange rate mechanism of the EMS has been checked by renewed concern over UK inflation following the annualised rate of 9.7 per cent in May as disclosed during the account in official statistics.

Suchard news unsettles

Confirmation of rumours that Philip Morris was bidding for Jacobs Suchard, the Swiss coffee and chocolate group, pushed **Cadbury-Schweppes** and **United Biscuits** first higher and then lower.

The initial rise was a continuation of Thursday's late improvement on the grounds that the European confectionery industry was set for further consolidation.

The decline came as analysts repeated warnings that the confectionery business was set to become more competitive; Suchard has been inhibited in its expansion plans in some countries by lack of a wide-ranging distribution network. Philip Morris is well placed to plug this gap.

Cadbury peaked at 369p but trickled back to a low for the day of 355p and finished at 360p, just 4 below the previous closing level. UB followed a roughly similar pattern, rising to 377p in early trading before falling to the day's low of 367p by mid-afternoon. It remained at that level until the close, a net decline of 7.

Allied Lyons also fell. The company had been mentioned on several occasions as a possible takeover target for Philip Morris, despite the fact that some analysts had ruled out the possibility because Allied's has a large spirits business, which is seen by some as damaging to a company's image in the US. Allied fell from the days high of £5 to close a net 7 off at 490p.

MB troubled

MB Group, the security printing and building products manufacturer, fell on hints in the market of a profits downgrading by Cazenove, the company's broker. The securities house would neither deny or confirm lowering its estimate of the group's annual profits but the market was fairly convinced it had. Said one analyst; "Cazenove visited the company recently and it seems MB was not too happy with expectations above £130m."

Other analysts' visits are scheduled to MB which may have experienced problems with its building products division. The consensus is that other researchers will eventually downgrade forecasts to around £120m to £125m. MB shares closed 12 down at 210p after above-average turnover of 4.3m.

Defence stocks continued the slow recovery from the onslaught triggered mid-week by the cuts in UK defence spending. Costs were trimmed £600m by the cancellation of 33 Tornado fighters and the market feared this could be the first in a series of planned moves.

Costain wanted

Costain was one of the best performing stocks in the building sector with the shares boosted, firstly, by a buy recommendation issued by Kleinwort Benson and, additionally, stimulated by news that Costain has agreed to sell its US oil and gas subsidiary, Wacker Oil, to Seagull Energy Corporation, for $77.7m (£46m). The cash realised will be used to reduce debt, Costain said.

Mr Khalid Nazir of Kleinwort's building team said Costain shares were among his firm's principal recommendations and described as "very good indeed" the $77.7m price achieved by Costain for its US oil and gas businesses.

Costain shares moved up to 290p early in the session, before settling a net 8 to the good at 283p.

The building sector, helped by a positive stance adopted recently by County NatWest, rose sharply yesterday as Kleinwort Benson switched its recommendation of contractors from underweight to overweight.

The Kleinwort team, which has been bearish on contractors for two years, said the switch was a logical extension to its recent move to switch from the "heavy" side of the building materials area, which includes stocks such as Redland, Rugby and Steetly, to the lighter side side which includes Meyer, Hepworth and Wolseley.

Kleinwort said that news from the building industry over the next six months "will be very bloody indeed in terms of results and sentiment as expressed by captains of that industry." But the broker forecasts that the ratio of house prices to earnings, which peaked at 4.25 times in 1988 will fall to 3.3 times by 1991. "Buy the smaller stocks, such as Higgs & Hill, Lovell, Persimmon and Westbury," said Kleinwort. Costain, John Laing and Wimpey are Kleinwort's premier selections in the top-line stocks.

John Laing "A" shares rose 8 to 291p and **George Wimpey** 7 to 245p, the latter on turnover of 1.3m shares. **Persimmon** moved up 7 to 171p and **Westbury** 3 to 191p.

Some determined selling of **Pilkington**, on hints of an imminent downgrading, left the shares 4 off at 205p after turnover of 2.8m. Shares in the UK's leading plasterboard manufacturer, **BPB**, were exceptionally strong as the market absorbed news of its £90m-plus purchase of Spain's leading plaster company. At the close BPB were 8 higher at 238p, after 240p, with turnover expanding to 4.2m.

Phoenix Timber dropped 7 to 92p after what dealers said were disappointing figures. **Spring Ram** lost 2 to 123p after the resignation of the vice-chairman who holds around 22m shares in the group.

British Aerospace, supplier of 18 per cent of the Tornado project, was also affected by reports that it may have to repay £44m of sweeteners granted by the UK Government over the sale of Rover, the car manufacturer. BAe regained 13 further yesterday to 537p but remained 28 down on the week.

BET, which has a generous yield of 7 per cent according to Smith New Court, continued the response to pleasing annual figures and the decision to forsake acquisition-driven expansion for organic growth. The shares closed 3 up for a three-day advance of 13p to 265p.

Standard Chartered came under constant pressure and closed 10 down at 473p with the market concerned about the bank's exposure to the Alan Bond empire in Australia which was said to be facing liquidation. Standard's exposure was, according to one specialist concentrated on Bond's brewing interest. **Midland**, as well as **Hongkong & shanghai Banking**, were also affected by the Bond story with Midland a shade off at 297p.

Hoare Govett's Nick Collier lowered his Midland Bank forecast from £560m to £380m, citing "increased costs and flattish growth."

A single trade of just short of a million **Royal Insurance** on the overnight ticker, upset sentiment in the shares shares which slipped 3 to 505p.

Heavy volume overnight in **Hanson** whetted some appetites, but the business turned out to be "dividend washing" – that is a shareholder, US-based in this case, wanted to avoid receiving a dividend for tax reasons and avoided holding the shares at the US ex-dividend date. Turnover in London yesterday was a modest 2.9m shares and the price edged a ½ better to 243p.

A report that the European Commission had blocked **British Airways'** proposed tie-up with Sabena, the Belgian Airline, knocked 2 off the shares to 214p. Dealers said that if the story were confirmed it would be a blow to BA's plan to reduce its dependence on the UK. Trading volume was negligible for the stock at 487,000.

Several recently weak stocks staged rallies. **Granada** climbed 10 to 255p, **Eurotunnel** recovered 27 to 460p, **ICI** added 8 at 1190p, after 1194p, and ever-volatile **Wellcome** bounced 25 to 625p.

Rothmans climbed 24 to 773p ahead of finals on June 27. The stock is often volatile and yesterday briefly touched a high of 778p.

BAT Industries climbed 8 to 653 as the company announced it had bought in 200,000 shares at 647p on Thursday. Late in the session the company said is had received US Federal Trade Commission clearance in respect of its disposal of the US department store chain, Marshall Fields, to Dayton Hudson of Chicago for $1.04bn.

Davy Corporation ended the week on a depressing note with County NatWest suggesting that in the absence of speculation it did not believe the current rating could be sustained. Investor confidence has been dented over the £25m provision against increased costs on the £120m Emerald Field contract, said County. The group's annual results also disappointed and the shares, 251p on Monday morning, ended yesterday at 230p.

Another engineering stock to suffer bad tidings was **S W Wood**, slumped into the red last year to the tune of £2.0m, compared with a profit of £2.2m. The news brought the shares back 6 to 53p. **Glynwed International**, on the other hand, ran into support as hopes resurfaced of bid possibilities and ended 8 up at 287p.

Asda rose 4 to 121p in heavy volume ahead of figures next month. Some 14m shares changed hands and Asda was popular in the traded options market too.

Sainsbury continued to benefit from Hoare Govett's upgrading on Thursday. The shares improved 5 to 290p.

A determined single buyer of **Kingfisher** helped the share advance 8 to 365p. other stores had a better day than many recently. **Dixons** added 4 at 154p, **Burton** firmed 3 to 158p and **Gus "A"** recovered 9 to 1068p. The last named had been particularly hurt during the week by the prospect of a rise in postal charges.

Slightly disappointing full-year profits – £4m compared with £3.6m – pulled **J S Pathology** down to 230p before a recovery to 237p, off 3 on the session. **Macarthy** also came under pressure at 192p, down 8, while **Parkfield** tumbled 36 further to 153p for a two-day plunge of 193½, still adversely influenced by the profits warning and delay in reporting the accounts.

USM-quoted **Asprey** reveals its final results on June 29 and the share yesterday firmed 5 to 410p.

The view of Hillier Parker, the chartered surveyor, that the May 13.3 per cent year-on-year fall in UK retail property values fall was the worst since 1974 had little effect on the sector, values having discounted the news late on Thursday.

Leading stocks began a shade easier but rallied to show little change on balance. **Greycoat** warmed to a County NatWest recommendation with a rise of 6 to 405p. "The financial position is very safe, as the market will begin to realise over the next twelve months, and the shares are a long term favourite in the sector," advised County.

Mountleigh drew persistent demand amid talk of a series of disposals and advanced 3 to 141p while speculation of a possible management buy-out lifted **Ford Sellar Morris** 3 to 106p. **Rosehaugh** bebounded 5 to 205p but **Speyhawk** gave back 13 of this week's sharp gain, which followed news of a bid approach, to close at 225p; the market is expecting a takeover bid from stakeholder Nordstjernam of Sweden.

Further consideration of the benefits to be reaped by **Reed International** from the sale of Reedpak to Svenska Cellulosa continued to buoy the shares. Reedpack was a 1988 management buyout from Reed which kept a stake in the new company. Reed firmed 3 to 464p.

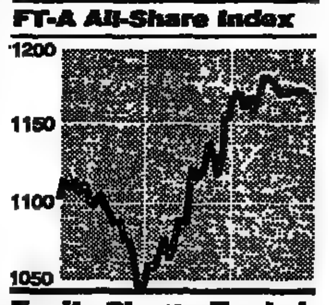
Two director of **Saatchi and Saatchi** resigned as directors and the shares slid 3½ to 85½p. One traders said the resignations had been spoken of in the market for several days.

Water shares remained under moderate pressure with dealers taking the view that share prices were more likely to lose ground over the next few stock exchange accounts – "they go "ex-div" over after the next account and the second call of 70p is due at the end of July," said one trader who suggested that the Water Package could well dip below the £1,500 mark.

The listing of **Amalgamated Financial Investments** was temporarily suspended at 6p pending shareholders approval of reorganisation proposals, which include major acquisitions.

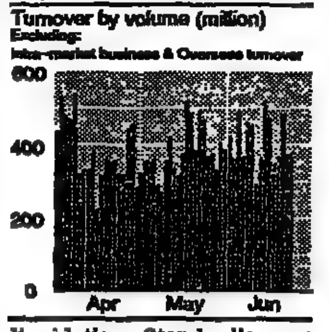
■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, **Page 9.**

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	June 22	June 21	June 20	June 19	June 18	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	80.39	80.19	79.85	79.25	79.47	84.45	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.67	88.44	88.30	88.36	88.48	95.54	[illegible] (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1913.0	1908.3	1903.4	1907.4	1911.9	1797.7	1968.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	171.0	170.3	169.6	172.3	170.7	192.8	378.5 (6/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2378.5	2370.3	2371.2	2369.7	2370.5	2167.5	2463.7 (3/1)	2103.4 (30/4)	[illegible] (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.84	4.86	4.85	4.84	4.83	4.44				
Earning Yld %(full)	10.67	10.68	10.69	10.68	10.66	10.46				
P/E Ratio(Net)(☆)	11.35	11.33	11.32	11.35	11.37	11.52				
SEAQ Bargns 4.45pm	28,472	24,245	23,688	24,941	24,314	22,483				
Equity Turnover(£m)†	-	913.87	877.52	1228.07	877.52	1485.60				
Equity Bargains†	-	24,798	22,817	27,030	22,983	28,438				
Shares Traded (ml)†	-	380.9	376.2	488.0	374.1	511.9				

Basis 100 Govt Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 ☆ Nil 11.22

Ordinary Share Index, Hourly changes Day's High 1915.3 Day's Low 1905.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1910.7	1906.7	1908.5	1912.2	1911.6	[illegible]	[illegible]	1914.2	1912.7

FT-SE, Hourly changes Day's High 2381.1 Day's Low 2368.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2374.1	2370.0	2373.5	2376.6	2377.1	2378.0	2379.1	2380.2	[illegible]

GILT EDGED ACTIVITY

Indices*	June 21	June 20
Gilt Edged Bargains	126.5	139.2
5–Day average	145.4	144.4

*SE Activity 1974
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	203	189	
ASDA Group	14,000	121	+4
Abbey National	4,000	201	-2
Allied-Lyons	3,400	490	-7
Amstrad	1,100	67	-1
Anglian Water	465	158	-1
Argos	235	230½	+½
Argyll Group	973	236½	+½
Ass. Brit. Foods	277	411	
BAA	2,500	439	-7
BAT Inds.	2,300	653	+8
BET	3,400	265	+3
BICC	308	457	+7
BOC	333	592	
BPB Inds.	4,200	238	+8
BTR	1,500	429	-3
Barclays	925	404	+1
Bass	93	1091	-9
Beazer	1,300	166	+7
Berisford Int.	264	119	-1
Blue Circle	567	250	+1
Boots	671	299	+5
Brit. Aerospace	2,600	537	+13
British Airways	497	214	-2
British Gas	2,700	221	+½
British Land	249	315	+2
BP	6,200	324½	-1½
British Steel	6,500	150½	+1
British Telecom	8,700	300	
Bunzl	373	98	
Burmah Oil	123	641	-1
Burton	2,600	158	+3
Cable & Wire.	948	547	
Cadburys	7,500	360	-4
Calor Group	530	272	+2
Carlton Comms.	773	525	-8
Coats Viyella	178	126	
Comm. Union	268	519	-2
Cookson	578	214	+2

	Volume 000's	Closing Price	Day's change
Courtaulds	265	365	
Dalgety	57	381	+1
Dixons	1,900	154	+4
ECC Group	189	399	+3
Enterprise Oil	736	652	+2
FKI	1,600	73	
Ferranti	4,600	35½	-½
Fisons	1,300	357	+6
Gen. Accident	248	1108	-2
General Elect.	4,000	198	-1½
Glaxo	1,600	809	+7
Globe Inv.	1,000	203	-1
Glynwed Int.	795	287	+8
Granada	1,200	255	+10
Grand Met.	2,500	674	+5
GUS A	304	1068	+9
GRE	172	241	
GKN	244	415	+4
Guinness	1,800	790	-2
Hammerson 'A'	282	707	+3
Hanson	2,900	243	+½
Hanson Warrants	290	62	
Harrisons Crosfield	663	177	-1
Hawker Sidd.	87	465	-2
Hillsdown	1,400	277	-3
IMI	335	263	+2
ICI	563	1190	+8
Inchcape	558	380	-2
Kingfisher	2,200	365	+8
Ladbroke	3,100	337	+2
Land Securities	503	495	-2
Laporte	22	566	
Legal & General	1,000	413	+3
Lloyds Abbey	312	324	+1
Lloyds Bank	1,400	290	+5
LASMO	643	410	
Lonrho	2,100	283	+1
Lucas	1,000	156	+1
MB Group	4,300	210	-12

	Volume 000's	Closing Price	Day's change
MEPC	723	480	-3
Manpower	100	82	-1½
Marks & Spencer	1,600	240	+3
Maxwell Comms.	235	202	-2
Mecca Leisure	1,800	65	-1
Midland Bank	810	296	-2
NatWest Bank	1,230	337	+4
Next	727	56	-1
North West Water	447	143	+1
Northern Foods	109	320	
Northumbrian Water	5	167	-2
Pearson	482	775	-1
P & O	514	641	+4
Pilkington	2,800	205	-4
Polly Peck Intl.	3,700	435	-4
Prudential	1,900	230	+2
RHM	543	354	-1
RMC	77	677	-3
RTZ	684	565	+2
Racal	8,100	203	-2
Racal Telecom	632	352	
Rank Org.	421	563	+5
Reckitt & Colman	81	1314	+2
Redland	647	609	
Reed Intl.	1,900	464	+3
Reuters	997	1269	-4
Rolls Royce	4,300	216	+1
Rothmans	1,100	773	+24
[illegible]	506	178	
Royal Insurance	970	505	-3
STC	1,600	248	+4
Saatchi	718	85½	-3½
Sainsbury	[illegible]	290	+5
Scottish & New.	[illegible]	320	-1
Sears	1,500	100	+1
Sedgwick	84	250	
Severn Trent Water	478	158	-1
Shell Transport	798	462	+2
Siebe	70	530	+4

	Volume 000's	Closing Price	Day's change
Slough Ests.	249	292	
Smith (W.H.) A	167	358	+3
Smith & Nephew	722	112½	
SmKl Beecham	488	543	+5
SmKl Beecham Units	32	2470	+22
Smiths Inds	672	243	-1
South West Water	215	182	+3
Southern Water	175	142	+2
Standard Chartd.	658	473	-10
Storehouse	2,000	129	
Sun Alliance	186	329	
Sun Life	1	1278	-5
T&N	196	198	
TI Group	46	504	
TSB	1,300	139	+1
Tarmac	2,000	273	+10
Tate & Lyle	212	311	+1
Taylor Woodrow	670	290	+6
Tesco	3,500	219	+3
Thames Water	1,400	185	+1½
THORN EMI	68	779	+2
Trafalgar House	297	321	+3
Trusthouse Forte	[illegible]	303	+2
Ultramar	348	334	+1
Unigate	347	316	
Unilever	334	692	+2
United Biscuits	4,700	367	-7
Utd. Newspapers	118	339	-3
Water Package Uts.	3	£1530	+2
Wellcome	1,600	625	+25
Welsh Water	397	163	+1
Wessex Water	260	181	
Whitbread 'A'	1,300	440	-2
Williams Hldgs.	643	266	
Willis Faber	264	251	-2
Wimpey	1,300	245	+7
Yorkshire Water	297	184	+2

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (57).
BRITISH FUNDS (6) AMERICANS (3) BREWERS (1) BUILDINGS (7) CHEMICALS (3) STORES (4) ELECTRICALS (5) ENGINEERING (5) FOODS (2) INDUSTRIALS (11) British Steel, Caparo Inds., Darby, Eurocopy, Hutchison Whampoa, Portals, [illegible], Takare, Wolseley, LEISURE (2) MOTORS (1) NEWSPAPERS (2) TOBACCOS (1) TRANSPORT (1) TRUSTS (16) OILS (2).
NEW LOWS (77).
AMERICANS (3) CANADIANS (6) BANKS (3) BUILDINGS (7) ELECTRICALS (3) ENGINEERING (3) FOODS (2) INDUSTRIALS (12) Cowan de Groot, Cresta, Fitzwilton, Green (E) & Partners, Intereurope Tech., Lawtex, Lincat, Lincoln House, Macarthy, Parkfield, Russell (A), Stonehill, LEISURE (3) MOTORS (1) PAPERS (4) PROPERTY (4) SHOES (1) TEXTILES (1) TRANSPORT (1) TRUSTS (10) OILS (2) OVERSEAS TRADERS (1) MINES (12) THIRD MARKET (3).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	45	18	38	200	181	98
Corps, Dom. & Foreign Bonds	7	0	16	18	23	74
Industrials	332	298	945	1,543	1,748	4,699
Financial and Props	141	176	426	649	858	2,205
Oils	20	18	60	102	129	209
Plantations	0	2	8	4	7	39
Mines	26	35	104	182	181	492
Others	75	57	108	238	400	560
Totals	646	604	1,693	2,906	3,537	8,274

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday June 21 1990

Agencies	+	10.60
Packaging & Paper	+	10.16
Food Retailing	+	7.24
Metals & Metal Forming	+	5.87
Chemicals	+	4.88
Brewers and Distillers	+	4.75
Conglomerates	+	4.23
Stores	+	4.21
Engineering-General	+	3.12
Other Groups	-	0.02
Building Materials	-	0.42
Consumer Group	-	1.23
Insurance(Life)	-	1.28
Industrial Group	-	1.40
Electricals	-	1.49
Transport	-	1.77
Water	-	1.96
500 Share Index	-	2.05
Telephone Networks	-	2.52
All Share Index	-	2.88
Capital Goods	-	3.38
Engineering-Aerospace	-	3.42
Motors	-	3.81
Food Manufacturing	-	4.08
Banks	-	4.78
Textiles	-	4.83
Publishing & Printing	-	5.20
Investment Trusts	-	5.57
Oil & Gas	-	5.95
Other Industrial Materials	-	6.32
Electronics	-	6.37
Health & Household Products	-	6.89
Merchant Banks	-	6.90
Financial Group	-	7.12
Insurance(Composite)	-	8.01
Contracting,Construction	-	8.22
Leisure	-	9.82
Overseas Traders	-	10.70
Property	-	12.50
Insurance(Brokers)	-	12.70
Gold Mines Index	-	55.10

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-15	+02/32	12.38	12.43	12.52
		10.500	5/99	93-31	+10/32	11.60	11.68	12.00
		9.000	10/08	86-06	+12/32	10.72	10.81	11.05
US TREASURY *		8.875	05/00	102-10	-02/32	8.52	8.43	8.64
		8.750	05/20	102-22	-02/32	8.50	8.40	8.58
JAPAN	No 119	4.800	6/99	87.1359	+0.007	7.15	7.05	7.05
	No 2	5.700	3/07	92.1085	+0.074	6.70	6.65	6.64
GERMANY		7.750	02/00	93.3500	+0.330	8.81	8.86	8.74
FRANCE	BTAN	9.000	02/95	95.1306	+0.179	10.05	10.04	9.93
	OAT	8.500	03/00	92.6500	+0.310	9.65	9.72	9.66
CANADA *		9.750	06/00	92.7500	-0.350	10.97	10.66	11.19
NETHERLANDS		9.000	05/00	100.3700	+0.180	8.94	9.00	8.95
AUSTRALIA		12.000	7/99	91.8247	-0.240	13.60	13.57	13.80

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

WEEK IN THE MARKETS

Mystery of the missing copper

WHERE did all the copper go? Prices fell sharply on the London Metal Exchange and in New York on Wednesday amid talk that between 10,000 tonnes and 30,000 tonnes was due to be delivered into LME warehouses.

In the event LME copper stocks fell by 3,025 tonnes to a seven week low of 60,725 tonnes when the figures were announced yesterday. This was enough to stabilise the market and cash metal closed at £1,482 a tonne last night, giving a fall of £37 on the week.

Mr Nick Moore, analyst with Ord Minnett, is convinced that a large amount of copper will be delivered onto the LME soon. He points to the fact that the cash premium has narrowed sharply (from £47.50 a tonne to £25.50 a tonne this week) and asserts: "The smart money is moving out of copper. When the metal does come into the warehouses, the price will come down with a thump."

He believes that traders have benefited recently from the potential for disruption from labour negotiations at big American mines, but this threat has disappeared. Workers at Asarco's Ray mine were voting yesterday on whether to take strike action, but workers at two bigger mines – Phelps Dodge's Chino and RTZ-Kennecott's Bingham Canyon – have already settled.

The unfounded rumour earlier in the week of a strike at Ok Tedi in Papua New Guinea also gave the copper price some support. But without those factors, he sees no reason for the price to remain buoyant and is predicting a decline in prices for the rest of the year.

Paradoxically, while LME stocks have come down stocks on Comex have risen sharply,

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium high grade	-1,350	to 149,650
Copper	-3,025	to 60,725
Lead	+150	to 43,100
Nickel	-126	to 6,316
Zinc	+1,500	to 40,700
Tin	+60	to 12,190

from a low of just over 2,000 short tonnes (2,000 lbs each) on March 28 to 17,258 short tonnes yesterday. Mr Robin Bhar, analyst with W.I. Carr, sees that as reflecting the comparative weakness of demand in the US compared with Europe and the Far Eastern economies.

"I can't see 30,000 tonnes of copper being available for delivery into the LME. If it was there, why has it not been delivered already?" he said. He believes the price could stay steady through the summer because a series of setbacks to world production in the first half of the year will prove impossible to wipe out.

Shortfalls from Peru and Chile, coupled with problems at several smelters will lead to a first half deficit of between 50,000 and 60,000 tonnes in production. "It's debatable if this can be made up over summer," he said.

Elsewhere on the LME, cash nickel showed a rise of $125 on the week to $8,787.50 a tonne as concern continued over the strike at Eramet-SLN's New Caledonia facilities. Three-month zinc prices held above the important $1,600-a-tonne level, partly reflecting caution ahead of labour talks at Cominco's Trail operation.

Oil prices weakened further this week, and remained totally unresponsive to a flurry of statements from the Organisation of Petroleum Exporting Countries. Mr Sadek Boussena, Opec's president, began to hold talks aimed at measures to strengthen prices with the big Gulf producers – the sort of move which typically makes oil traders cautious, but which they chose to ignore this week.

Even the removal of Sheikh Ali Khalifa al-Sabah, the long-serving Kuwaiti Oil Minister who has been a leading proponent of low prices, failed to move the market, although it has raised expectations of a more moderate Kuwaiti oil policy.

On the bullion market gold tested but failed to breach the all-important $350-an-ounce barrier as investors continued to stay away. However, concern over threatened strike action in South Africa mines has limited the market's potential downside for the moment, dealers said.

Cocoa prices yesterday fell sharply as the bearish mood of the market strengthened. September cocoa closed at £758 a tonne on the London Futures and Options Exchange (Fox) – a fall of £29 on the day and £50 on the week.

The factors which took cocoa to £967 a tonne late last month have disappeared; the political tension in the Ivory Coast, the world's biggest producer, has eased and the weather throughout West African cocoa growing areas has improved. Yesterday the market was still feeling the repercussions of the sale of unwanted cocoa by the Russians. Early in the week, 20,000 tonnes was talked of, but the figure is now believed by some to be nearer 40,000 tonnes, and a feeling is growing that additional offtake by Eastern Europe is unlikely to be forthcoming.

David Blackwell

APPOINTMENTS

Senior posts at Crédit Agricole

Mr Alain de Truchis, general manager of CREDIT AGRICOLE UK, London, has been appointed general manager of Crédit Agricole Japan and its Tokyo branch, due to be opened at the end of the year. **Mr Michel Theveny**, his successor in London, is currently general manager of the bank's US branches.

■ **Mr Alan Hughes**, managing director of Midland Bank subsidiary Griffin Factors, has been appointed vice chairman of the ASSOCIATION OF BRITISH FACTORS AND DISCOUNTERS.

■ **Mr Andrew Grogono** has been appointed a director of AMPEP, Clevedon, Avon, and takes over as sales director when Mr Peter Mallender retires at the end of June. Ampep is an SKF company.

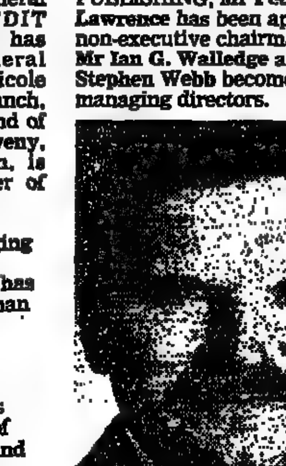
■ **Mr Michael Lynch** has been appointed a director and chief engineer of DEREK B. HAIGH, Brighouse, electrical contracting subsidiary of the Thomas Robinson Group.

■ **Mr David Kennard**, joint deputy managing director of CITY LINK TRANSPORT HOLDINGS, has become managing director. City Link was acquired last year by Securiguard Group.

■ **Mr Chris Wright** has joined COLONIAL MUTUAL GROUP UK as deputy general manager, sales and marketing, from Colonial Mutual Group, Australia, where he was general manager, group finance.

■ **Mr David Currie** has been appointed a manager with MIM Development Capital, unquoted investment arm of INVESCO MIM.

■ Following the management buyout of BOWMAN PUBLISHING, **Mr Peter J. Lawrence** has been appointed non-executive chairman, and **Mr Ian G. Walledge** and **Mr Stephen Webb** become joint managing directors.



ELECTRON HOUSE has appointed **Mr Barry Charles** (pictured) as managing director. He was group marketing director.

■ **Mr Mike Jeans**, a partner at KPMG Peat Marwick Management Consultants, has become president of the INSTITUTE OF MANAGEMENT CONSULTANTS.

■ **Mr Terry Hills** has been appointed executive director, TILBURY CARGO HANDLING. He was port promotion manager.

■ Private client stockbrokers SHAW & CO, a subsidiary of Bank Hope & Maes, has appointed as senior private client managers **Mr Stephen Lewis** and **Mr Michael O'Shea**. Mr Lewis was with Whitefriars, and Mr O'Shea was with Brewin Dolphin & Co.

■ **Mr Kevin Holland**, head of consumer affairs at Reader's Digest, has been appointed chairman of the ADVERTISING ASSOCIATION's data protection committee.

■ RAYNESWAY CONTRACT SERVICES has appointed **Mr Brian Smith** to manage its new fleet management company based in Bedford. He was with Texas Instruments as fleet manager.

■ **Mr Christopher Stewart-Smith** has been appointed chairman of the international holdings board of COLLETT, DICKENSON, PEARCE ADVERTISING. He is chairman of specialist construction group Conder.

■ **Mr Brian Rosehill** has been appointed European marketing director, based in Crawley, of ANTIGEN PHARMACEUTICALS, an Irish company. He was marketing director of Bard Europe.

■ BRENNTAG (U.K.) has appointed **Mr Colin G. Clapshoe** as managing director. He was director, petrochemicals distribution division.

■ **Mr Nigel Litchfield**, formerly purchasing director of Granada's UK rental subsidiary, has been appointed managing director of NOKIA MOBILE PHONES (UK).

■ **Mr Alan Noble**, joint managing director of Northgate Motor Holdings, a division of GOODE DURRANT, has been appointed to the main board as an executive director. He will become chairman of Northgate from October 1 succeeding Mr Patrick Cooper who remains on the board.

■ **Mr Stephen J. Mitchell** has been appointed chief architect for the LOVELL GROUP. He was a director with EPR Architects, and succeeds Mr Frank Norman who retires in August.

■ **Mr Gary Bostock**, formerly of Crest Estates, has joined MARPLES DEVELOPMENTS, Bath, to identify new development opportunities in the UK.

■ **Mr Andrew Fulljames**, head of broker operations at First National Bank, has been elected chairman of FISA (Finance Industry Standards Association), a body set up last year to campaign for higher advertising standards in the finance industry.

GROSVENOR ESTATE HOLDINGS has appointed **Ms Jane Sandars** (pictured) as communications director. She was a manager, national marketing department, Ernst & Young.

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AUTHORISED UNIT TRUSTS

[illegible]

GUIDE TO UNIT TRUST PRICING

[illegible]

OFFER PRICE

[illegible]

CANCELLATION PRICE

[illegible]

HISTORIC PRICING

[illegible]

FORWARD PRICING

[illegible]

SCHEME PARTICULARS AND REPORTS

[illegible]

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Norwich Union Life Insurance Soc.—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pacesetter* & Unit-Linked Plan*				
Mixed Fund	405.5	426.8	-2.1	-
Ordinary Share Fund	604.3	636.1	-4.1	-
International Fund	167.7	176.5	-1.4	-
Property Fund	263.3	277.2	+0.4	-
Fixed Interest Fund	300.6	316.4	+3.1	-
Index-Linked Sec Fund	172.2	181.3	-0.4	-
Deposit Fund	227.1	239.1	+0.7	-
Norwich Units May 15		938.37		-
*Prices as at June 19				
Jersey Investment Plan				
With Profits Fund	99.29	104.51	+0.03	-
Int'l Equity Fund	94.16	99.12	+0.08	-
Intl Bond Fund	96.93	102.03	+0.09	-

Pearl Assurance (Unit Funds) Ltd

Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or -	Yield Gross
Prop Dist (Gross)	170.5	179.5	-0.1	-
Prop Acc (Gross)	291.7	307.1		-
Equity (Gross)	821.1	864.3	+2.3	-
Managed (Gross)	573.0	603.2	+1.0	-
Prop Acc (Net)	135.7	142.8	+0.1	-
Equity (Net)	189.2	[illegible]	[illegible]	-
Managed (Net)	174.8	184.0	+0.3	-
Interest (Gross)	261.1	275.9	+0.4	-
Gilt & Fxd Interest	105.4	111.0	-0.3	-
Money Fund	116.4	122.5		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ex Man (Series 1)	577.3	607.7	+0.5	-
Ex Man (Series 2)	195.7	206.1	+0.1	-
Ex Man (Series 3)	130.5	130.5	+0.1	-
Ex Cash	156.0	164.2	+0.1	-
Ex Cash (Series 3)	129.5	129.5	+0.1	-

Pegasus Assurance Ltd

Great Quay, Bristol BS1 4DJ 0272 230271

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Aggressive	104.2	109.8	-0.1	-
Managed Balanced	98.0	103.2	-0.1	-
Managed Cautious	94.5	99.5	-0.1	-
Pension Funds				
Managed Aggressive	105.1	110.7	-0.1	-
Managed Balanced	99.5	104.8	-0.1	-
Managed Cautious	95.6	100.6		-

Pioneer Mutual Insurance Co Ltd

16 Crosby Rd N, Waterloo, Liverpool 051-928 6655

Prudential Assurance Co

Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prudent				
Managed June 20	249.6	260.0		-

Prudential Holborn Life Ltd

30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Holborn Series I Life Funds				
Managed	557.7	587.1	+0.1	-
Equity	1140.4	1200.5	-0.7	-
Fixed Interest	380.4	400.5		-
Property	433.1	455.9		-
Cash	287.5	302.7		-
International	392.6	413.3	+1.0	-
Holborn Series II Life Funds				
Managed	545.3	574.0	-0.1	-
Equity	1112.0	1170.6	-0.7	-
International	384.0	404.3	[illegible]	-
Fixed Int	369.6	389.1		-
Property	420.9	443.1		-
Cash	279.7	294.5	+0.2	-
Pacific Basin	200.7	211.3	-1.1	-
North American	152.3	160.4	+0.8	-
European	191.5	[illegible]	+1.5	-
Holborn Balanced Gwth	114.6	120.7	-0.4	-
Holborn Strategic Gwth	114.8	120.9	-0.3	-

Prudential Holborn Pensions Ltd

30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	581.6	612.3	+0.3	-
Equity	846.3	890.9	-1.2	-
Global Equity	242.8	255.6	+1.3	-
Fixed Interest	410.8	432.5	+0.6	-
Property	433.0	455.8		-
Cash	179.4	188.9	+0.1	-
Index Linked Gilt	207.9	218.9	-0.4	-
Guaranteed	14.12			-
International Money	211.6	222.8	-0.3	-
North American	76.1	80.2	+2.5	-
Japanese	121.6	128.0	-0.8	-
European	113.2	119.2	-1.7	-
Special Situations	117.8	124.0	-1.7	-
Communications	96.4	101.5		-
Smaller Companies	110.4	116.3	+0.1	-
International Small Cos	141.3	148.8	+0.2	-

Prudential Pensions Limited

Holborn Bars, London EC1N 2NH 071-948 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary June 13	167.04	172.18		-
Equity June 13	182.38	188.84		-
International June 13	29.21	29.87		-

Johnson Fry Financial Services Ltd

Dorland Hs 20 Regent St, Ldn SW1Y 4PZ 071-439 0924

	Bid Price	Offer Price	+ or -	Yield Gross
J. Fry Man M&G Fd (z)	163.9	172.2	+0.8	-
J Fry Man Target Pef (z)	94.3	99.34		-
J Fry Man Pru Holborn Fd	92.1	97.0		-
J Fry Skandia Prem(z)	92.9	97.7	+0.1	-
J. Fry Secure		175.7	-0.1	-
J. Fry Recovery	95.5	100.5	[illegible]	-

Knight Williams & Company Ltd

161 New Bond Street, London W1Y 0LA 071-408 1138

Principal Funds

Kleinwort Benson Intl Fd Mngrs Ltd

PO Box 44, Guernsey, CI 0481 27111

	Init Chrge	Conc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
KB Far East (Gnsy)*	3	22.63	22.63	23.91		4.28
KB Gilt*	2½	12.60	12.60	12.98	-0.03	10.65
Intl Equity Inc*	5	191.5	191.5xd	205.1	-2.1	6.35
KB Intl Hi Bd Fd Inc*	5	5.287	5.287	5.568	-0.05	6.97
Contl European Ltd	5	2.042	2.042	2.171	-0.09	4.07
Nth American	5	0.9948	0.9948	1.062	-0.08	0.55
US Equity Gwth	5	0.9413	0.9413	1.012	-0.01	-
Japanese	5	0.9034	0.9034	0.9685	-0.00	-
Intl Eqty Gwth Acc*	5	373.0	373.0	400.7	+0.2	0.91
Intl Eqty Gwth Inc*	5	220.9	220.9	237.3	+0.1	0.91

*Offer price inclusive of maximum preliminary charge

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Grs
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$10.95	11.01	----	-
Strongfield Asset Mngmt (Guernsey) Ltd				
Tech and Comm	£13.65	14.49		-
Pacific Basin Fd	98.34	104.46	-2.75	-
Western European	$16.92	18.12	----	-
The Thai-Euro Fund Ltd				
Lloyds Bank Fund Mngrs (Guernsey) Ltd				
NAV June 8		23.49	----	-
Tyndall International (Guernsey) Ltd				
Capital Defender	$1.27	1.34	----	-
Hi Yield Bond	64.1	67.4	----	-
Internat. Spec. Sits	46.5	48.7	-0.1	-
Marunouchi Fd	86.2	90.6	-1.0	-
U.S. Treasury Securities Fund Ltd				
Short Term Shares		$711.99	----	-
Fixed Income Shares		$827.74	----	-
Wellington Fd Mngrs (Guernsey) Ltd				
Intnl Growth Fd	$13.61	14.29	----	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth		$11.89	-0.19	-
Yamaichi ISS Fund		$8.45	-0.16	-
Yamaichi CB Plus Fund		$8.98	-0.10	-
Thai Inv Fund		$13.50	----	-

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIG Fund Management Ltd "NI Trusts"						
NI Global Dollar		$-	1.01	1.08	+0.01	-

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)H
Lord Street, Douglas, IoM 0624 661551

	Bid Price	Offer Price	+ or -	Yield Grs
Allied Irish Fund Managers — Contd.				
Do Sterling Equivalent		£21.4161	----	-
Ecu		Ecu13.0097	----	-
Irish Gilt Fd.		I£189.9502	----	-
Intl Managed Dollar		$23.9928	----	-
Intl Managed Bond		I£21.7469	----	-
Barclays Intl Funds				
Currency Funds				
Sterling		£18.09	+0.01	13.6
US Dollar		$29.02	+0.01	6.8
Deutschemark		DM49.78	[illegible]	[illegible]
Yen		Y3,713	[illegible]	[illegible]
Managed Multicurrency	£12.33	12.77	-0.02	-
Managed Multicurrency	$23.70	24.54	+0.01	-
Bond Funds				
Sterling Bond	£0.386	0.400	+0.002	12.1
US Government Income	$94.95	98.59	+0.12	8.3
Brown Shipley Fund Mgmt (CI) Ltd				
Sterling Bals(Daily)	£8.94	9.24	+0.01	10.02
Sterling Cap (Daily)	£31.94	31.96	+0.02	-
Intl. Bond (Daily)	$14.70	15.68	-0.05	8.29
Int Currency (Wed)	£1.45	1.53	----	7.84
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.81	7.13	----	16.83
CA Gilt & Futures	966.00	1016.00	----	7.87
CA Equity Grwth(2-1)	£4.67	5.06	----	3.96
Citibank (CI) Ltd "Citifunds"				
Liquidity Funds				
Deutschmark		DM26.849	+0.005	-
Yen		Y2715.849	+0.443	-
Sterling		£10.228	+0.003	-
US Dollar		$16.602	+0.004	-
Managed		$16.156	+0.003	-
Short term Investment Funds				
Irish £ June 21		98.247	+0.213	-
Equity Funds				
Global Equity		$17.108	+0.046	-
Japan Equity June 21		$10.692	+0.093	-
European Equity June 25		$16.211	-0.176	-
US Em Hlth June 25		$12.893	+0.121	-
US Spec Sits June 25		$15.001	+0.021	-
US Em Tech June 25		$14.392	[illegible]	-
Citicare June 25		$19.723	+0.187	-
Bond Funds				
Global Bond		$13.186	+0.003	-

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Grs
Malaysia Capital Fund Ltd				
NAV June 15		$10.02	----	-
Malaysia Growth Fund				
NAV June 15		$12.49	----	-
Malaysia Select Fund Ltd				
NAV June 20		$10.1640		-
Malaysian Smaller Co's Fd (Cayman) Ltd				
Royal Trust Asset Mngmt (Asia) Ltd				
NAV June 18		$11.03		-
Man International Futures				
MINT LIMITED-Ord		$47.48		-
MINT LIMITED-Inc		$19.38		-
MINT GTD LTD Ser A		$22.92		-
MINT GTD LTD-Sept 94		$21.07		-
MINT GTD LTD-Nov 1993		$20.15		-
MINT GTD LTD-Jan 1994		$16.26		-
MINT GTD LTD-Dec 1994		$14.21		-
MINT GTD LTD-Aug 1995		$11.54		-
MINT GTD Pacific LTD US		$10652.72		-
MINT GTD Pacific LTD B		$10568.65		-
MINT Global Gtd Ltd		$105.94	----	-
FBME MINT GTD PLC		$123.12		-
MINT Sp Res Ltd (BNP)		$110.64		-
MGA Pacific Ltd		A$1.12		-
Manila Fund (Cayman) Ltd				
Manila Fd NAV June 20		$8.35	----	-
Meridian Funds				
Money Market		$1.00		7.68
US Govt Income		$4.90	+0.02	-
Global Govt Income		$10.70		-
Global Equity		$12.35	-0.02	-
Multi-Currency		$21.02	----	-
Morgan Stanley Japanese Warrant Fund NV				
NAV		$23.6382	----	-
Murray, Johnstone (Inv. Adviser)				
American P'folio June 20	$28.01	29.42	----	-
European P'folio June 20	10.32	10.84		-
Japan P'folio June 20	$213.75	225.00		-
Pacific P'folio June 20	$12.19	12.80		-
NICS Europe and Income Fund				
U.S.$		$11.77		-
NM Financial Mngt Intl Ltd				
NM Hong Kong Fd	[illegible]	[illegible]	-0.25	7.74
Int Residential Prop Fd	10.94	[illegible]		4.00
National Mutual Insce Co (Bermuda) Ltd				
[illegible]	$14.46	15.39		-
Newport International Management				
Npt. Intl Securities		$29.32		-
Npt. Intl Inc Fd		$18.78		-
Npt. Pacific		$27.88		-
Nomura Warrant Fund 1990 Ltd				
NAV		$8.24		-

	Bid Price	Offer Price	+ or -	Yield Gross
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90 10 Trust (Sterl)				
Dollar Fd BOPUPs	$10.26	10.77		-
Dollar Fd OPUPs	[illegible]	9.24		-
Sterling Fd BOPUPs	£10.39	10.41		-
Sterling Fd OPUPs	[illegible]	9.93		-
DM Fd BOPUPs	DM10.04	10.05		-
DM Fd OPUPs	DM5.69	5.97		-
Yen Fd BOPUPs	$7.59	7.60		-
Yen Fd OPUPs	[illegible]	[illegible]		-
Wardley Investment Services Ltd				
[illegible]	[illegible]	13.83		0.00
Japanese Warrants	$10.27	10.64	-0.01	-
Asian Warrants	$9.64	10.42	-0.10	-
European Warrants	$10.29	[illegible]	+0.30	-
Managed	[illegible]	10.31	+0.03	-
Wells Fargo U.S. IT Fund				
NAV June 21		$10.02		-
Xiphias International Investment Fd Ltd				
Xiphias Int USD		$1.0253		-
Xiphias Int Ecu		Ecu1.2241		-

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	14.78	-	15.62	3-Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	14.80	-	15.64	3-Mth
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	14.85	-	15.70	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX			071-[illegible]	
Call Fnd	14.40	10.80	15.40	6-Mth
7-day Fund	[illegible]	11.40	15.63	6-Mth
Special Fund	14.93	-	[illegible]	1-Mth
Dollar	7.03	5.46	7.33	[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

US MARKETS (2pm) — AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — ITALY (continued) — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — SOUTH AFRICA — CANADA (2pm) — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — MALAYSIA — SINGAPORE

INDICES

NEW YORK

DOW JONES	June 21	June 20	June 19	June 18	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2901.73	2895.30	2893.56	2882.18	2935.89 (15/6)	2543.24 (30/1)	2935.89 (15/6/90)	41.22 (2/7/32)
Home Bonds	90.69	90.74	90.81	90.98	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1176.64	1177.01	1178.83	1175.73	1212.77 (6/6)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	209.19	208.56	208.94	208.31	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2916.58 (2914.60) Low 2870.05 (2868.81)

STANDARD AND POOR'S

	June 21	June 20	June 19	June 18	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	360.47	359.10	358.47	356.88	367.40 (4/6)	322.98 (30/1)	367.40 (4/6/90)	4.40 (1/6/32)
Industrials	423.07	421.23	420.11	418.00	428.34 (4/6)	371.92 (30/1)	428.34 (4/6/90)	3.62 (21/6/32)
Financial	29.22	29.15	29.38	29.29	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	196.49	195.84	195.61	194.93	200.21 (4/6)	178.43 (30/1)	200.21 (4/6/90)	4.46 (25/4/42)
Amex Mkt. Value	360.22	360.81	360.83	360.76	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	461.27	460.80	460.53	460.79	468.86 (13/6)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	June 15	June 8	May 25	year ago (approx.)
Dow Industrial Div. Yield	3.67	3.71	4.01	3.59

	June 20	June 13	June 6	year ago (approx.)
S & P Industrial div. yield	2.93	2.90	2.91	3.17
S & P Indl P/E ratio	16.87	17.07	17.01	12.91

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Am Express	1,560,500	30¼	+ ⅛
Utd Telecom	1,479,700	39	- ¼
Upjohn	1,457,100	41⅞	- ⅛
Bk of Boston	1,445,000	13¼	+ ⅛
Philip Morris	1,369,300	44⅛	+ ⅞
A T & T	1,334,300	43⅝	+ ½
Oxy Pete	1,288,000	25⅞	+ ⅛
Gen Electric	1,199,700	70⅛	...
Boeing	1,113,500	59	+ ⅞
Du Pont	1,109,300	38⅛	- 1

TRADING ACTIVITY

† Volume (Millions)	June 21	June 20	June 19
New York	138.570	137.420	135.499
Amex	9.826	13.234	8.084
NASDAQ	(u)	148.092	142.983
Issues Traded	2,001	1,993	2,005
Rises	769	667	788
Falls	681	767	708
Unchanged	551	559	519
New Highs	35	26	18
New Lows	36	37	45

CANADA

TORONTO	June 21	June 20	June 19	June 18	1990 HIGH	1990 LOW
Metals & Minerals	3206.90	3188.00	3181.00	3183.20	3453.05 (4/1)	2850.80 (23/4)
Composite	3526.30	3530.50	3529.10	3519.85	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1825.02	1825.02	1823.84	1822.66	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. † Correction.

	June 22	June 21	June 20	June 19	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1512.5	1505.4	1502.8	1499.4	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	725.8	725.6	723.8	722.5	860.8 (5/1)	715.3 (1/5)
AUSTRIA						
Credit Aktien (30/12/84)	588.28	570.82	559.51	554.52	783.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6281.67	6263.36	6254.36	6252.76	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	381.36	380.94	380.74	381.59	382.90 (15/6)	352.96 (25/4)
FINLAND						
Unitas General (1975)	(c)	565.4	569.8	567.2	677.3 (23/1)	562.2 (11/5)
FRANCE						
CAC General (31/12/82)	542.79	538.93	539.23	534.14	564.62 (30/5)	482.94 (26/2)
CAC 40 (31/12/87)	2031.73	2007.98	2003.66	1988.14	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	791.73	786.78	782.54	771.87	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2286.20	2270.60	2257.3	2224.3	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1872.92	1863.57	1849.55	1836.74	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3250.44	3246.21	3234.39	3229.82	3250.44 (22/6)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1698.24	1701.97	1707.28	1704.95	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	746.03	748.02	757.63	758.68	763.52 (14/6)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	31694.57	32087.27	32087.76	32048.38	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2341.06	2361.56	2366.80	2353.93	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	4135.42	4151.73	4147.58	4145.06	4284.60 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	579.64	577.42	573.96	578.89	622.20 (20/2)	518.53 (2/5)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	266.7	265.8	266.2	264.6	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	198.7	198.9	198.3	197.2	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	824.96	827.66	830.14	823.61	889.05 (5/6)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	945.58	927.70	919.78	910.87	1160.70 (21/3)	740.31 (6/6)
SINGAPORE						
SES All-Singapore (2/4/75)	431.00	430.89	430.41	430.67	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	1357.0	1322.8	1357.8	2290.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	(u)	2924.0	2921.0	2929.8	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	747.37	743.17	740.86	749.61	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	289.30	286.81	284.74	282.96	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	(c)	(u)	1273.6	1260.3	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	814.5	813.7	812.4	825.1 (5/6)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	5432.74	5580.40	5522.84	5892.88	12495.34 (10/2)	5452.74 (22/6)
THAILAND						
Bangkok SET (30/4/75)	1008.71	998.33	1014.11	989.28	1033.52 (8/6)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	516.8	516.8	515.3	571.8 (4/1)	468.3 (2/4)

**Saturday June 16: Taiwan Weighted Price: (c). Korea Comp Ex. 774.07

& Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Special situations feature as Dow improves

Wall Street

PRICES held modestly higher yesterday in another session of dull range trading, enlivened only by news of the agreed takeover of Jacobs Suchard of Switzerland by Philip Morris, *writes Janet Bush in New York.*

At midsession, the Dow Jones Industrial Average was quoted 6.69 higher at 2,908.42 on low volume of 93m shares. The Dow had closed 6.43 higher on Thursday at 2,901.63, ending above 2,900 for the first time this week.

Philip Morris was the second most actively traded issue on the New York Stock Exchange yesterday morning, rising $1⅝ to $46. The company announced that it was buying a 60 per cent stake in Jacobs Suchard for a net $3.8bn in a deal which combines the two companies' coffee and confectionery businesses. Philip Morris will make a tender offer for the remaining shares.

This is the largest acquisition announced by a US company of an overseas concern this year and is the kind of strategic, as opposed to financial deal, which is expected to predominate in the 1990s.

Among other deals yesterday, MGM-UA Commnications rose $1¼ to $17⅝ on news that Pathe Communications had sweetened its bid for the company by $1.50 a share to $21.50 a share.

Harley-Davidson fell $⅜ to $25⅞. A block of 1.2m of the company's shares traded over the counter yesterday, representing a 6.9 per cent stake. Mr Malcolm Glazer, the investor who already owns more than 7 per cent of the company, declined comment on whether he was involved in the trade.

Interest also rose in the defence sector yesterday, in the wake of the US credit rating agency, Moody's Investors Service's decision to place the debt ratings of three companies under review for a possible downgrading. Litton Industries fell $1 to $74⅜, Raytheon slumped $1⅜ to $63¼ and Lockheed slipped $⅛ to $35⅛.

McDonnell Douglas fell $⅝ to $34⅝ after the company said that it planned substantial lay-offs and other steps designed to cut costs by an annual $700m.

Semiconductor stocks performed well yesterday on optimism by analysts which was highlighted in the US press yesterday. Texas Instruments, for example, added $⅛ to $40⅛.

Outside these special situations, the broad market continued to trade in the tight range and modest volume which has been in place ever since Monday's fall in the Dow Jones Industrial Average of more than 50 points. On each day, the Dow has clawed back a modest amount of ground, taking it above the 2,900 level again by the close on Thursday.

Analysts believe that the market has been supported this week by demand for stocks at the end of the quarter when portfolio managers tend to try and cut their cash position and raise the stocks component of their funds to prove they have been active investors to their clients. This has tended to balance some emerging concerns about second quarter corporate profits and less optimism on interest rates.

Canada

CONCERN that the Meech Lake accord would not be ratified by midnight tonight sent Toronto stocks lower by midsession. The composite index lost 9.1 to 3,517.1 on volume of 12.26m shares. Declines led advances by 262 to 170.

Canadian forest companies bounced higher, on forecasts of a weaker dollar and expectations of a limit to logging in some parts of the US to protect the spotted owl.

Noranda Forest rose C$⅛ to C$11⅝, Domtar gained C$⅛ to C$13⅛, MacMillan Bloedel firmed C$⅛ to C$18⅛ and Abitibi-Price rose C$⅛ to C$15¾.

In active traders, Laidlaw gained C$⅛ to C$25¼ and Bramalea lost C$⅛ to C$12¼.

EUROPE

Jacobs Suchard jumps in firm day for bourses

SWITZERLAND ended higher as one of its household names was swallowed up by a US food giant. Most other bourses were firmer, with the exception of Milan, while Stockholm and Helsinki were shut for holidays, *writes Our Markets Staff.*

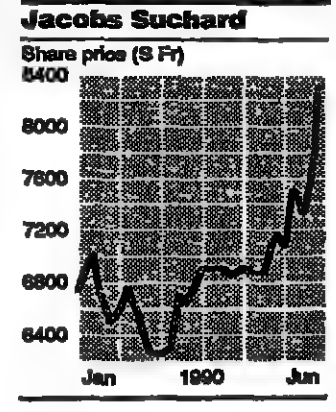
ZURICH saw Thursday's speculation come true as Philip Morris announced an agreed takeover of Jacobs Suchard, the confectionery and coffee group which owns well-known European chocolate brands such as Milka and Toblerone, for a net SFr5.4bn ($3.8bn). In active trading, Jacobs Suchard bearers jumped SFr500, or 6.4 per cent, to SFr8,300, its registered added SFr30 to SFr1,620 and the participation certificates (PCs) rose SFr45 to SFr730. The shares had been suspended yesterday until the announcement was made.

Philip Morris is offering minority shareholders SFr8,500 per bearer share, SFr1,660 per registered share and SFr758 per PC.

Analysts calculated that on the surface, Jacobs Suchard was being taken out on an exit multiple of about 16 times prospective earnings, which they said was disappointing compared with exit multiples of more than 20 times paid for other leading food brands in recent years. But they noted that the price that Philip Morris had paid for Mr Klaus Jacob's majority stake – probably at a hefty premium to the offer it made to minority shareholders – had not been revealed, and nor had the price at which Mr Jacobs had bought back certain assets.

Nevertheless, minority shareholders were said to have been lucky to be included in the deal, as there are no laws protecting minority shareholder rights in Switzerland, and Philip Morris would have had control of the company simply by buying Mr Jacob's majority stake.

Jacobs Suchard



Other food shares rose in sympathy. Nestlé bearers added SFr150 to SFr8,925 and its registered rose SFr125 to SFr8,550. Lindt & Sprüngli, the quality chocolate maker, saw its bearers gain SFr450 to SFr18,250 and its registered add SFr100 to SFr17,000. The Crédit Suisse index rose 7.4 to 663.8, up 0.6 per cent on the week.

FRANKFURT wavered after an excellent start to the day, but it still closed higher for the sixth consecutive session, with a continued upsurge in volume indicating the returning confidence of the market.

The DAX index closed 9.35 better at 1,872.92, after opening at 1,877.71 and making an intraday peak of 1,879.02, following a 4.95 rise to 791.73 on the FAZ at midsession. Gains on the week were 4.5 and 4.3 per cent respectively. Volume moved up from DM8.4bn to DM9.7bn, against DM5.6bn the previous Friday.

SG Warburg's recommendation of Siemens, on the latter's London stock market debut this week, took the stock another DM6.60 higher to DM741.60. Deutsche Bank rose DM4 to DM788.50 but other blue chips saw profit-taking, which cut Daimler's rise to DM1.50 at DM839 and left BMW DM1 lower at DM583.

PARIS rose 1.2 per cent on the first day of the new account, but turnover stayed low, estimated at less than FFr2bn. The CAC 40 index gained 23.75 to 2,031.73, for a 1 per cent rise on the week.

Michelin fell another FFr2.30 to FFr108.20 with 455,920 shares changing hands. The stock has fallen 12.8 per cent in the space of a week, mostly in active trading, after analysts downgraded their earnings estimates. Mr Francois Michelin, chairman, warned yesterday at the company's annual meeting that it could return to making losses. The tyre-maker is expected to report 2,500 redundancies next week.

Eurotunnel rebounded after the previous day's sharp fall, rising FFr2.95 to FFr45.95 in busy trading.

MILAN regained some of its early losses as buying emerged late in the session, but prices still ended lower. The Comit index fell 1.99 to 746.03, down 1.6 per cent on the week.

CIR, Mr Carlo de Benedetti's holding company, failed to live up to expectations following an important victory for Mr de Benedetti in his quest for control of the publisher, Mondadori. CIR shares fell L45 to L5,655. Olivetti fell L35 to L6,870 as Mr de Benedetti, chairman, said 1990 would be a difficult year for the computer company.

Ferruzzi Agricola rose L19 to L2,779, apparently on buying from within the group, while Ferruzzi Finanziaria fell L34 to L2,983.

AMSTERDAM ended a quiet session mostly firmer on the back of higher foreign bourses and steady Dutch bonds. The CBS Tendency index gained 0.7 to 121.0, up 0.8 per cent on the week. Aegon, the insurer, built on Thursday's gains to rise Fl 1.60 to Fl 131.20 in a generally firmer insurance sector. In a strong food sector, Unilever rose Fl 1.90 to Fl 157.60, Ahold firmed Fl 1.80 to Fl 144.80 and CSM, the sugar refiner, was Fl 2.10 higher at Fl 83.

VIENNA rose again in another day of brisk trade, with the bourse index gaining 14.61 to 638.31. Ibusz, the Hungarian travel agency listed on Thursday, gained Sch605 to Sch2,010 after being offered at Sch893.15 a day earlier.

SOUTH AFRICA

GOLD SHARES closed mixed in dull trade as the bullion price dropped below $350. Vaal Reefs ended unchanged at R260 while De Beers lost R3 to R88 in reported selling in New York. The gold index finished 7 lower at 1,350.

ASIA PACIFIC

Weak yen pushes Nikkei below 32,000

Tokyo

HIGHER short-term interest rates and a weak yen sapped investors' interest yesterday and the Nikkei average dropped below 32,000, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei closed 392.70 lower at 31,694.57, down 2.6 per cent on the week. Early trading saw pressure from arbitrage activity and small-lot profit-taking; the day's high was 32,040.38, and the low 31,644.52.

Declines outpaced advances by 703 to 227 with 189 unchanged. Turnover fell from 400m shares to 350m, making yesterday the 10th session running with volume below 500m. The Topix index of all listed stocks lost 20.50 to 2,341.06 and, in London, the ISE/Nikkei 50 index fell 2.51 to 1,741.99.

Institutional investors in Tokyo took the view that it would be wiser to see how German monetary union and the Communist Party congress in the Soviet Union affected currencies before taking an active part in the market. "Unless short-term interest rates fall below 7 per cent, institutional investors won't come in," an analyst at Sanyo Securities elaborated.

Big, interest-rate sensitive companies were widely sold. Mitsubishi Heavy Industries, first on the volumes list with 12.7m shares traded, dropped Y10 to Y1,000. Nippon Steel followed with a fall of Y19 to Y565, while Kawasaki Steel lost Y23 to Y566. A number with good earnings prospects continued to advance, with Sony gaining Y40 to Y8,570.

Hirose Electric, a specialist connector maker, which had been rising recently, jumped Y140 to Y6,990 as speculators joined in the buying spree.

Pharmaceutical companies continued to attract attention because they tend to be little affected by exchange rates. Daiichi Pharmaceutical gained Y50 in active trading to Y2,460 on the news that it had developed a drug containing an anti-AIDS agent. Ajinomoto, the processed food maker which has been diversifying into pharmaceuticals, rose on the news that its anti-AIDS drug might be approved for use in the US.

Large-capital issues and high-technology stocks were sold in Osaka, where the OSE average lost 181.54 to 35,024.74. Volume was low at 38m shares against Thursday's 43m. Nintendo, the maker of video games, attracted renewed interest and firmed Y600 to Y26,300.

Roundup

AUSTRALIA apart, emerging markets saw more action than their bigger brethren in the Pacific Basin yesterday.

MANILA rose another 1.9 per cent, boosted by Saniwares which gained 29.50 pesos to 98.50 after news of a 400 per cent stock dividend late on Thursday. The composite index put on 17.88 to 945.58, up 6.5 per cent on the week after a 15 per cent gain the week before.

TAIWAN fell for the fourth consecutive session, the weighted index ending at 5,452.74, down 47.66 on the day and 8.4 per cent on the week. Volume rose from T$41.3bn to T$46.2bn.

KUALA LUMPUR, where Malaysian stockbroking firms were allowed more time to raise their paid-up capital in line with a government ruling, extended its rebound from mid-week lows with a 2.22-point rise to 579.64, 0.7 per cent higher on the week; turnover rose again, from 29m shares to 33m.

SEOUL rose moderately in thin volume, on bargain-hunting after recent declines, but the 4.20 gain to 747.37 in the composite index still left it 3 per cent down on the week.

AUSTRALIA firmed in trading dominated by the big three banks. Overseas buying was evident in spite a strong domestic dollar. The All Ordinaries index rose 7.1 to 1,512.5, up 0.6 per cent on the week. Turnover fell to A$178m from A$246m.

NEW ZEALAND eased in quiet trading. The Barclays index fell 9.47 to 1,792.62, down 1 per cent on the week.

HONG KONG was mixed as local profit-taking alternated with strong overseas buying. The Hang Seng index rose 4.3 to 3,250.44, up 1.5 per cent since the previous Friday.

BOMBAY moved up again on heavy buying at the the start of the new two-week account, anticipating good results from leading companies. The BSE index rose 14.41 to an all-time high of 814.72.

Madrid analysts put faith in break over 300 barrier

Tom Burns talks to a group of expectant optimists

IF THE Madrid market rallies next month, the bolsa analysts will not be surprised. Having seen the general index consolidate at between 270 and 280 over the past two months, they had started talking about a bull market, and they are now confident that the psychological 300 barrier is within reach.

Mr Robert Maxwell, a partner of Maxwell y Espinosa, believes that the market is now building up a head of steam which could push the index up by as much as 15 per cent to about 320 before August. "We are more bullish now than we have been in a year," says Mr Maxwell.

"We are certainly going to top 290," says Mr Alvaro Villacieros, chief executive of Iberagentes' international department. Yesterday the index closed at 286.81, up 2.07.

Earlier expectations that there would be at least a minirally in August have been revised and the timing has been brought forward to July.

The basis for such excitement is more than good fundamentals. Market watchers are anticipating a loan war following this week's decision by Banco de Santander to lower its prime rate, and they are betting heavily on the likelihood that a major placement by Banesto of shares in its industrial holding company after the summer will lift the bolsa to new heights.

A batch of expected government measures is also seen as a stimulant for the market.

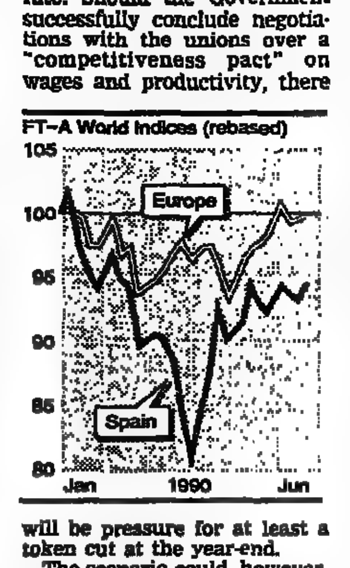
The bolsa is reckoned to be cheap: the weighted price/earning ratio is estimated at 13.4 this year against 16.3 in 1989, while rises in corporate profits are in the 15-18 per cent range.

Recent placements by Ocisa and Cubiertas, the construction companies, totalling $220m, were taken very quickly by international investors. Mr Maxwell says there is "a growing sentiment internationally that the outlook for parts of the Spanish market is very good and that the bad news has perhaps been overdone."

Such feelings have been bolstered by a slowdown in inflation. Prices remained constant in May to give a rise in the inflation rate of 2.2 percentage points so far this year, bringing the annualised inflation rate down from 7 per cent to 6.8 per cent.

The belief that inflation is under control has raised hopes that the Government could cut interest rates by half a point before the end of the year from the current 14.5 intervention rate. Should the Government successfully conclude negotiations with the unions over a "competitiveness pact" on wages and productivity, there will be pressure for at least a token cut at the year-end.

FT–A World Indices (rebased)



The scenario could, however, be very different if the union talks break down; Prime Minister Felipe Gonzalez has warned that the failure to establish clear guidelines on competition could prompt the Government to step up the credit squeeze that it introduced last year.

In the meantime, on June 20 Santander cut its prime rate from 13.1 per cent to 12.55 per cent, in the first cut by a Spanish bank since 1988. The bank's moves are expected to set a trend. "This is very good news for the bolsa," says Mr Villacieros. "Santander has fired the first salvo and other banks are going to have to respond."

The expected liquidity comes at a time when Banesto is putting the final touches to the placement of 26 per cent of its Corporacion Industrial y Financiera. The placement, worth $783m, is the biggest by a Spanish corporation since the partial privatisation of the energy group, Repsol, last year.

"A lot of small investors discovered the bolsa thanks to the Repsol flotation," says Mr Federico Garayalde, a partner of Bravo y Garayalde. Like other brokers, Mr Garayalde believes that Banesto's industrial holdings will inject energy into the market.

The appetite for equity among domestic investors, meanwhile, is likely to be whetted by a tax reform to encourage savings which, among other measures, will cut capital gains tax.

In Spain, capital gains tax is calculated together with income tax, and the cut will bring it down from a maximum of 56 per cent to 35 per cent. The tax reform white paper published last week will lift capital gains tax altogether on assets bought before 1978. This means that shareholders who have held on to stocks for years for fear of paying more than half their (by now) spectacular profits to the state should be completely free to trade. In addition, only assets bought since 1978 and held for less than a year would attract the full new rate of 35 per cent.

There is good news too for non-resident investors, as the same reform will clear up a grey area by abolishing withholding and capital gains taxes on dividends.

A second government initiative plans to amend company pension fund legislation, to enable people to encash their policies before retirement. The move is designed to breathe some life in to the young but hopelessly inactive pension fund industry which, it was hoped, would rise from nothing two years ago to become an important source of long term capital for Spanish industry. So far, it has not worked.

Another stimulant is a new company act which introduces statutory auditing. Government officials are prepared to be lenient in the initial months of the act's implementation and will be helping such companies to set their affairs in order.

"A lot of domestic companies held back from going to the market because their balance sheets would have raised eyebrows," says Mr Garayalde. "That is going to change now."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	THURSDAY JUNE 21 1990 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JUNE 20 1990 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1990 High	1990 Low	Year ago (approx)
Australia (80)	140.52	+0.7	120.74	137.55	122.74	118.74	+0.2	5.86	139.55	120.01	135.81	121.68	118.53	158.31	125.65	133.92
Austria (19)	245.18	+1.3	210.66	239.99	214.15	213.90	+1.3	1.26	241.91	208.04	235.42	210.92	211.14	265.63	193.15	123.47
Belgium (61)	150.37	+0.1	129.20	147.18	131.34	127.93	+0.1	4.51	150.27	129.23	146.22	131.01	127.85	160.02	132.11	129.12
Canada (119)	136.66	−0.2	117.42	133.78	119.36	116.28	+0.0	3.49	136.80	117.73	133.21	119.35	116.23	153.61	130.37	139.79
Denmark (33)	259.58	+0.1	223.04	254.09	226.73	225.34	+0.0	1.28	259.42	223.09	252.46	226.18	225.28	261.19	236.69	193.65
Finland (26)	136.32	+0.3	117.13	133.44	119.06	113.19	+0.3	2.42	135.92	116.89	132.28	118.51	112.86	152.29	129.99	141.08
France (125)	157.33	+0.0	135.18	153.99	137.40	139.19	+0.1	2.55	157.29	135.26	153.05	137.12	139.09	168.85	141.69	119.28
West Germany (93)	130.82	+0.4	112.40	128.06	114.26	114.26	+0.6	1.95	130.29	112.05	126.81	113.60	113.60	137.71	122.05	89.45
Hong Kong (48)	133.85	+0.3	115.00	131.01	116.91	133.83	+0.3	4.69	133.40	114.72	129.81	116.31	133.38	133.85	112.24	92.77
Ireland (17)	189.07	−0.4	162.45	185.07	165.14	166.77	−0.4	2.63	189.85	163.26	184.75	165.52	167.50	198.57	172.72	185.17
Italy (96)	107.30	−1.3	92.19	105.02	93.71	98.62	−1.3	2.41	108.74	93.52	105.82	94.81	99.91	109.26	91.85	83.34
Japan (454)	146.36	−0.8	125.75	143.26	127.85	143.26	−0.3	0.59	147.61	126.94	143.64	128.71	143.64	197.26	124.40	178.70
Malaysia (35)	227.21	+0.6	195.22	222.39	198.44	237.22	+0.6	2.28	225.88	194.25	219.80	196.93	235.71	245.32	204.15	179.37
Mexico (13)	513.24	+0.7	443.56	505.31	450.90	1607.77	+0.7	0.32	512.49	440.73	498.73	446.82	1596.10	549.86	324.53	271.38
Netherland (43)	140.29	−0.3	120.54	137.32	122.54	121.02	−0.2	4.66	140.76	121.05	136.98	122.72	121.23	145.66	130.43	119.24
New Zealand (17)	65.77	+0.2	56.51	64.38	57.45	59.62	−0.2	7.42	65.66	56.47	63.90	57.25	59.76	75.36	59.57	67.74
Norway (23)	234.61	−0.4	201.58	229.65	204.82	205.79	−0.2	1.46	235.56	202.58	229.24	205.38	206.31	245.90	202.34	176.83
Singapore (25)	205.46	+0.3	176.54	201.11	179.45	174.96	+0.3	1.94	204.85	176.16	199.35	178.60	173.84	207.93	179.70	159.52
South Africa (60)	172.98	+0.1	148.63	169.32	151.08	149.16	+0.1	4.00	172.88	148.67	168.23	150.72	149.07	251.39	170.00	145.81
Spain (42)	163.37	+1.0	140.37	159.91	142.69	127.91	+0.9	4.16	161.70	139.06	157.37	140.98	126.79	185.19	132.84	148.29
Sweden (34)	218.95	+0.6	188.13	214.32	191.24	196.91	+0.6	2.06	217.59	187.12	211.75	189.72	195.69	218.95	178.89	164.31
Switzerland (66)	103.80	+0.0	89.18	101.60	90.67	91.02	+0.1	2.26	103.75	89.23	100.87	90.47	90.95	104.31	88.75	79.91
United Kingdom (304)	165.59	+0.0	142.28	162.07	144.62	142.28	−0.1	4.77	165.55	142.37	161.09	144.33	142.37	166.11	139.87	139.86
USA (537)	145.72	+0.4	125.21	142.64	127.28	145.72	+0.4	3.33	145.19	124.86	141.30	126.59	145.19	148.55	130.61	131.44
Europe (982)	148.57	+0.0	127.66	145.49	129.77	128.30	+0.0	3.55	148.53	127.73	144.54	129.50	128.25	148.57	135.57	118.03
Nordic (116)	207.63	+0.3	178.40	203.23	181.35	176.22	+0.3	1.70	207.07	178.07	201.51	180.53	175.73	207.63	185.01	169.35
Pacific Basin (659)	145.63	−0.7	125.13	142.55	127.20	141.75	−0.2	0.91	146.73	126.18	142.79	127.93	142.06	192.75	124.63	172.00
Euro – Pacific (1641)	147.21	−0.4	126.49	144.09	128.57	136.87	−0.1	2.00	147.85	127.15	143.87	128.90	137.04	174.18	130.35	150.48
North America (656)	145.08	+0.3	124.65	142.02	126.73	143.77	+0.3	3.34	144.59	124.34	140.72	126.08	143.27	147.87	131.02	131.84
Europe Ex. UK (678)	136.86	+0.0	117.59	133.89	119.58	119.61	+0.1	2.76	136.81	117.66	133.17	119.31	118.48	139.50	124.61	104.11
Pacific Ex. Japan (205)	136.11	+0.5	116.95	133.25	118.90	121.13	+0.2	5.06	135.42	116.46	131.81	118.08	120.85	139.32	122.53	115.74
World Ex. US (1833)	147.33	−0.4	126.59	144.22	128.69	136.68	−0.1	2.06	147.94	127.23	143.98	128.99	136.83	173.77	131.30	150.13
World Ex. UK (2066)	143.67	−0.2	123.44	140.64	125.50	139.28	+0.1	2.26	143.91	123.76	140.05	125.48	139.19	162.00	130.80	142.73
World Ex. So. Af. (2310)	145.44	−0.1	124.97	142.38	127.04	138.46	+0.1	2.49	145.66	125.26	141.76	127.00	138.39	161.84	131.95	142.44
World Ex. Japan (1916)	146.68	+0.2	126.03	143.58	128.13	137.81	+0.2	3.49	146.35	125.86	142.43	127.62	137.50	147.88	134.62	126.28
The World Index (2370)	145.61	−0.1	125.11	142.53	127.19	139.53	+0.1	2.50	145.82	125.40	141.91	127.15	139.46	162.05	132.25	142.46

Latest prices were unavailable for this edition

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

BRITISH FUNDS—Contd

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
303	209	ANZ SA1	222	+4	44c	1.4	9.0	7.9
210	172	Abbey National 10p	201	−2	5.7	4.3	3.8	8.2
274	210	Allied Irish Ord	227	−2	Q40%	♦	4.2	♦
£13¾	£11⅝	Algemene Fl 10	£11⅝	......	Q28%	2.1	7.7	6.1
85	68	Anglo Irish	68	−2	N10.7%	2.7	6.5	9.3
83	68	Ansbacher (H.) 1p	82	+1	2.5	1.3	4.1	23.6
£71½	£54½	Bancaire Cie Fr100	£60⅜	+1⅛	Q12½%	—	2.3	—
£22½	£16⅞	Banco Bilbao Viz	£17⅛		Q49.1%	2.7	4.9	11.1
£31	£24¼	Banco de Santander	£26¼	..	Q25%	2.4	4.3	9.8
286	224	Bank Ireland IrE1	249	−4	Q14.7%	2.9	5.6	8.3
£19½	£16	Bank Leumi	£19½		—	—	—	—
350	320	Bank Leumi (U.K.)	345		†13.5	—	5.3	—
125	104	Bank Scotland	118		4.55	3.3	5.1	7.8
100¼	93½	Do. 9¼pc Irrd Pf	96	+½	9¼%	—	12.8	—
54	39	Bank of Wales	46	..	2.8	0.8	8.1	22.1
428	352	Barclays £1	404	+1	h19.57	3.5	6.5	5.6
22	13	Benchmark 20p	14	..	1.63	1.0	15.5	8.0
335	310	Brown Shipley £1	312	−1	12.0	♦	5.1	♦
435	345	Cater Allen £1	415	+1	N24.5	♦	8.3	♦
179	122	Chancery	122	−3	9.0	♦	10.3	♦
£23½	£18½	Commerzbk DM10	£19½		Q16%	—	3.5	—
£13½	942	Dai-Ichi Kn Bk Y50	877	+4	Q17%	♦	0.4	♦
[illegible]	£261	Deutsche Bk DM50	£270½		Q28%	—	1.9	—
£20½	£18½	Espirito Santo	£19¾	−¼	Q75c	5.1	2.4	—
253	183	First Nat. Fin. 10p	222	−1	13.0	2.4	7.8	6.9
121	96	FNFC 6.3pc Cv. Pf	113	..	6.3%	—	7.8	—
£13½	969	Fuji Bank Y50	989	−11	Q17%	♦	0.3	♦
325	262	Gerrard & National	314		19.0	♦	8.1	♦
154	126	Guinness Mahon 10p	128		2.1	—	2.2	—

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	.....	3.5	10.8	1.0	12.0
229	203	Airflow Streamlines	215	.....	6.0	3.9	3.7	9.2
190	145	Bostrom 5p	178	.....	5.75	3.1	4.3	8.1
266	191	Dowty 50p	224	.....	18.0	2.3	4.8	11.7
239	152	FR Group	165	.....	6.37	3.2	5.1	7.9
135	63	Kwik-Fit Hldgs. 10p	88	+1	2.4	1.7	4.0	20.1
174	142	Lucas Inds.	159	+1	16.25	3.0	5.2	7.2
16	6½	Spice 5p	7	.....	2.2	0.4	‡	53.7

Garages and Distributors

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p	24	.....	1.0	3.0	5.6	7.2
135	110	Appleyard 10p	114	.....	7.8	2.4	9.1	5.3
110	75	Bletchley Motor 20p	80	.....	7.5	1.9	12.5	5.7
568	495	Caffyns 50p	495	.....	11.5	♦	3.1	♦
121	98	Central Motor Auctns	106	.....	3.25	3.0	4.1	10.7
61	26	Cook (D.C.) Hldgs.	36	.....	1.33	—	‡	—
89	33	Cowie (T.) 5p	54	+4	4.2	2.2	10.4	5.1
95	68	Dagenham Motors 10p	73	.....	5.25	2.8	9.6	5.0
98	81	Davenport Vernon 10p	92	+1	3.5	3.6	5.2	6.3
29	16	Equity & Gen 5p	20	.....	1.5	1.7	10.0	(7.1)
247	169	Evans Halshaw	187	.....	11.25	2.4	8.0	6.8
113	85	Gates (F.G.)	105	.....	2.75	♦	3.5	♦
161	106	Gowrings 10p	119	.....	5.63	1.3	6.6	12.7

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

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TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

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Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Craig & Rose £1	630	...
Finlay Pkg 5p	52	...
Holt (Jos) 25p	1200	...

IRISH

Stock	Price	+ or −
Cap 9¾% Ln 1991	£95¼	...
9pc Cap Ln 1996	£93¼	−¼
Fin. 13% 97/02	£112¼	...
Arnotts	272	−2
Carroll (P.J.)	140	...
Hall (R. & H.)	165	...
Heiton Hldgs	79	...
IPG	201	−4
United Drug	160	...

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	7
Astec (BSR)	6
BAT	62
BOC Grp	28
BTR	37
Barclays	54
Blue Circle	22
Boots	24
Bowaters	40
Brit Aerospace	57
English Steel	13
Brit. Telecom	25
Cadburys	20
Charter Cons.	42
Comm Union	41
Courtaulds	29
Eurotunnel	55
FKI	7
FNFC	20
Gen Accident	95
GEC	15
Glaxo	60
Grand Met.	53
Guardian	20
GKN	33
Hanson	20
Hawker Sidd.	55
ICI	99
Ladbroke	27
Legal & Gen	34
Lex Service	25
Lloyds Bank	25
Lucas Inds.	13
Marks & Spencer	19
Midland Bk	23
Nat West Bk	30
P & O Dfd	52
Polly Peck	39
Racal Elect	19
RHM	30
Rank Org Ord	70
Reed Intnl	38
STC	22
Sears	9
Smith Beecham A	45
TI	39
TSB	11
Tesco	19
Thorn EMI	62
Trust Houses	24
T&N	18
Unilever	53
Vickers	19
Wellcome	57

Property

Stock	p
Brit Land	32
Capital Secs	6
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Stock	p
Aviva Petim	5
Brit Petroleum	28
Burmah Oil	55
Conroy Petim	10
Gaelic Res.	3½
Premier	9
Shell	40
Tuskar Res	5½
Ultramar	31

Mines

Stock	p
Lonrho	21
RTZ	50

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FINANCIAL TIMES
Weekend June 23/June 24 1990

Tories will not 'throw money' at the poll tax

By Alison Smith

THE GOVERNMENT will not "throw money at the problem" of the poll tax, according to Mr Michael Portillo, Local Government Minister, who yesterday moved to lower expectations about the results of the ministerial review of the community charge.

He emphasised that, in reviewing poll tax, neither he nor Mr Chris Patten, Environment Secretary, would do anything to make economic recovery more difficult.

Earlier this week, Conservative councillors are believed to have told ministers that a further £4bn would be needed in Treasury grant to avoid substantial increases in poll tax bills next April.

Speaking to the annual Tory women's conference yesterday, Mr Portillo said: "Of course we want to look at the administration of the charge, but not at the expense of the principle of it. Of course we want to look at where the change can be eased further, but not by throwing money at the problem."

Mr Patten is said to be pressing for an increase of up to £3bn in his discussions with the Treasury about a higher revenue support grant to soften the poll tax next year.

Ministers reviewing the poll tax are divided about how far to extend the Government's powers to cap the poll tax of councils which overspend.

"Any new proposals that we make will be addressed, of course, to dealing with the anomalies, not just with the symptoms of the change from a property-based system to a system based on people," Mr Portillo said.

He insisted that the basics of the community charge were sound and that its strength flowed from simple principles which were increasingly becoming accepted. These included the idea that everyone should pay something towards the cost of local government.

"This is no time to be undermining those principles. We should be building on them," he said.

He had little comfort to offer Tories at local level who, particularly in the light of last month's local election results outside London where the Conservatives lost about 100 seats, are pressing for a substantial increase in Treasury grant to ease the impact of the poll tax.

Responsibility under the new system lay with councillors, Mr Portillo told the conference, and represented "a particular challenge to Tory councillors."

The best election platform was "Conservative government costs you less," he said.

Michael Portillo: not the time to undermine principles

Mitterrand and Kohl urge aid to Moscow

By David Buchan in Brussels and Kieran Cooke in Dublin

A CALL for urgent western aid for the Soviet Union was issued yesterday by Chancellor Helmut Kohl of West Germany and President François Mitterrand of France, after preparatory talks between the two leaders before Monday's EC summit.

Mr Charles Haughey, the Irish Prime Minister, who will chair the summit in Dublin, and Mr Jacques Delors, the EC Commission President, also indicated that the EC may be ready to offer a substantial aid package for the Soviet Union, with both underlining the economic difficulties faced by Mr Mikhail Gorbachev, the Soviet President.

Mr Kohl said after a meeting with Mr Mitterrand at an hotel in the Rhineside village of Assmannshausen: "We both believe that European and industrial nations have to realise that [the Soviet Union] needs help to help itself."

Meanwhile, the Bonn Government has formally announced a state guarantee for a DM5bn (£1.7bn) of bank credit for the Soviet Union.

In Dublin, Mr Haughey said that during a recent tour of EC capitals he had made it had become clear that there was "great anxiety" about developments in the Soviet Union and that there was a very definite desire to offer Mr Gorbachev help.

In Brussels, meanwhile, Mr Delors said the main test for EC leaders when they meet on Monday would be whether they could come to a joint position on future East-West relations, including aid for the Soviet Union.

"The test will be whether our Europe can be as dynamic in this area as in the economic and monetary area," he told a press conference. If the 12 decided to give Moscow aid, the Commission would have some proposals to make, he said.

These ranged from technical assistance and training, which could be provided without conditions and at little cost, to a large financial package by the Group of 24 aid donors. A Dutch idea that has attracted some attention is that the EC should increase its purchases of Soviet oil and gas to boost Moscow's hard currency earnings.

With the calling of an intergovernmental conference on EC political union – to run in parallel with monetary union negotiations – now a foregone conclusion at Dublin, East-West issues and the plight of the Soviet Union have risen to the top of the summit agenda.

However, monetary union will still loom large in the talks. Mr Delors said this week's proposals by Mr John Major, the UK Chancellor of the Exchequer, for a European Monetary Fund to manage a "hard Ecu" marked a "positive evolution in the British position."

Yet he made it clear that the Major plan was not an alternative to the quest for a single currency, but rather one contribution to the debate.

China wants US to concede on ozone pact

By John Hunt, Environment Correspondent

CHINA MADE it clear last night that it would not sign the Montreal protocol to protect the ozone layer unless the United States "radically" altered its position.

The Chinese attacked the US at the London conference on the protocol for laying down preconditions for the establishment of an international fund to help developing countries obtain substitutes for chlorofluorocarbons (CFCs), which damage the ozone layer.

Mr Wang Yangzu, head of the Chinese delegation, said, however, that it would not be long before China signed the protocol once these obstacles were removed. If China continued to develop CFCs for its huge population, it would negate any efforts in the industrialised countries to phase them out.

It is proposed to set up a fund of $240m (£139m) over three years to help developing countries change over to substitutes. The US has told the conference that it wants the biggest vote on the executive committee to administer the money because it will be the biggest donor, as well as a permanent seat on the committee.

Mr Wang made it clear these stipulations would have to be dropped. But he said that if a mechanism for a fund and the transfer of technology on CFCs to developing countries was agreed, the Chinese delegation would recommend signing the protocol to its government.

Meanwhile, differences developed between the industrialised countries over the speed at which the protocol should be tightened up to phase out CFCs. The United States, Soviet Union and Japan were insisting that they could only achieve it by the year 2000. But Australia, New Zealand and Norway proposed an 85 per cent reduction by 1995 and a complete phasing out by 1997. They had the backing of Canada and Austria and the other Scandinavian countries.

It is hoped that officials will reach an agreement next week, before the environment ministers begin their section of the protocol negotiations next Wednesday.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				PARIS (FFrs)			
Rises				**Rises**			
Beiersdorf	870	+	10	Eurotunnel	46.0	+	3.2
Didier-Werke	235	+	6.5	Metaleurop	192.0	+	12.8
Leifheit	787	+	10	SCOA	22.5	+	1.2
Falls				**Falls**			
Brown Boveri	970	–	30	BIS	596.0	–	46.8
Dragerwerk	340	–	10	Moulinex	108.0	–	6.8
Rosenthal	355	–	5	Sommer All	1990.0	–	82.3
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
MGM-UA	17⅝	+	1¼	Daiki Eng	990	+	100
Philip Morris	48	+	1⅝	Katakura Chikk	1160	+	90
Texas Instr.	40⅛	+	⅞	Topre	2350	+	190
Falls				**Falls**			
Harley-Dvdsn.	25⅞	–	¾	Hino Motors	1030	–	70
McDonnell Dgls	34⅞	–	⅞	Mory Inds	1350	–	100
Raytheon	63⅛	–	1⅞	Niigata K Unso	1050	–	80

New York prices at 12.30.

LONDON (Pence)							
Rises				Taylor Woodrow	290	+	8
ASDA Group	121	+	4	Wellcome	625	+	25
BPB Inds	238	+	8	Wimpey (Geo)	245	+	7
Beazer	166	+	7	**Falls**			
Br Aerospace	537	+	13	MB Group	210	–	12
Costain Group	283	+	8	Parkfield Grp	153	–	36
Eurotunnel Uts	460	+	27	Phoenix Timber	92	–	7
Glynwed Int	287	+	8	Speyhawk	225	–	13
Laing (J) A	291	+	8	Standard Chrtd	478	–	10
Persimmon	171	+	7	United Biscuits	387	–	7
Rothmans	773	+	24	Wood (S W)	63	–	6
Tarmac	273	+	10				

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Dallas †	F	27	81	Madeira	C	21	70	Prague	[illegible]	23	73
Algiers	S	31	88	Dublin	F	16	61	Madrid	S	26	79	Reykjavik	[illegible]	12	54
Amsterdam	[illegible]	13	55	Dubrovnik	S	26	79	Majorca	S	27	81	Rhodes	S	27	81
Athens	S	29	84	Edinburgh	F	15	59	Malaga	S	32	90	Rio de Janeiro		–	–
Bahrain	S	34	93	Faro	S	23	73	Malta	F	29	84	Rome	S	25	77
Barcelona	C	26	79	Florence	S	22	72	Manchester	C	14	57	Salzburg	F	26	79
Belfast	R	14	57	Frankfurt	F	20	68	Melbourne	C	14	57	S'Francisco †	C	15	59
Belgrade	S	29	84	Geneva	R	13	55	Mexico City		–	–	Santiago		–	–
Berlin	R	20	68	Gibraltar	S	24	75	Miami †	F	27	81	Seoul	[illegible]	22	72
Biarritz	[illegible]	17	63	Glasgow	C	16	61	Milan	F	25	77	Singapore	F	30	86
Birmingham	F	13	55	Guernsey	C	15	59	Montreal †	F	18	64	Stockholm	F	20	68
Blackpool	S	15	59	Helsinki	C	14	57	Moscow	C	16	61	Strasbourg	F	17	63
Bombay	[illegible]	32	90	Hong Kong	S	30	86	Munich	R	17	63	Sydney	S	15	59
Bordeaux	C	18	64	Innsbruck	F	24	75	Nairobi	F	25	77	Tangier	S	22	72
Boulogne	F	15	59	Inverness	C	14	57	Naples	C	27	81	Tel Aviv	S	28	82
Bristol	F	16	61	Isle of Man	[illegible]	16	61	Nassau		–	–	Tenerife	F	25	77
Brussels	R	[illegible]	57	Istanbul	S	25	77	Newcastle	C	13	55	Tokyo	S	34	93
Buenos Aires		–	–	Jersey	C	15	59	New Delhi	F	35	95	Toronto †	S	20	68
Budapest	[illegible]	26	79	Johannesburg	S	13	55	New York †	S	25	77	Tunis	S	[illegible]	[illegible]
Cairo	S	33	91	Las Palmas	F	25	77	Nice	F	24	75	Valencia	S	[illegible]	[illegible]
[illegible]				[illegible]				[illegible]				[illegible]			

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder. † Noon GMT temperatures

Mulroney seeks end to impasse as Meech Lake plan flounders

By Bernard Simon in Calgary

MR Brian Mulroney, the Canadian Premier, was last night urgently seeking a way out of the constitutional impasse caused by the virtual collapse of the Meech Lake reform package after five years of tortuous negotiation.

The prairie province of Manitoba yesterday dealt a near-fatal blow to the divisive accord when the lone native Canadian member of the provincial legislature, Mr Elijah Harper, ended a two-week campaign by refusing to sanction an extension of debate on the agreement designed to recognise Quebec's distinct francophone identity.

The accord, first drawn up in 1987, had required ratification by all 10 provinces by midnight tonight. It would recognise Quebec as a distinct society within the Canadian constitution.

Mr Mulroney's only hope of salvaging the deal is to ask the supreme court to rush through an extension of the deadline. Newfoundland, the only other province holding out against ratification, was due to vote on the accord late last night and Mr Mulroney's emergency plan would be contingent on the provincial legislature approving the package. This would increase the pressure on Manitoba to fall into line.

Canadian financial markets signalled concern among international investors about the future of what has hitherto been one of the world's most stable political systems. The Canadian dollar fell by about half a US cent yesterday morning to 84.65 US cents at midday, following a one-third cent drop on Thursday.

The fall came in spite of intervention by the Bank of Canada in the foreign exchange market.

The Meech Lake débâcle may give a further boost to Quebec's newly confident separatists, who are likely to demand a referendum on the province's future unless Mr Mulroney can salvage the accord. A Quebec commission is investigating various options, all of which will almost certainly include tougher demands than the provisions of Meech Lake.

The accord's demise would greatly weaken Mr Mulroney's personal standing, which is already at an new low. But it is also expected to prolong divisions in the opposition Liberal Party, which picks a new leader in Calgary today.

Mr Harper's stalling tactics in Manitoba reflected widespread dissatisfaction among native Canadians that Meech Lake failed to give them the same recognition as Quebec as a "distinct society." Hundreds of aboriginal people, many of them in traditional dress, have supported Mr Harper's stand with noisy demonstrations.

Brian Mulroney: standing at an all-time low

'Wheeler dealers' scare the share-shy

By Richard Waters

STOCKBROKERS are either "arrogant, upper-crust, old Etonian types," or "youthful wheeler dealers ... in the model of an estate agent," according to a survey of attitudes to share ownership published yesterday.

They are also viewed as "unsympathetic to the private client, expensive and their independence and probity is subject to question."

The survey, carried out by Consensus Research, a financial market research company, also criticises the stock market and share investment in general.

London's International Stock Exchange and the Association of Investment Trust Companies – which sponsored the survey – were both given some home truths about failing to communicate properly with new and potential shareholders.

The main target for criticism was the private client stockbroker, who arouses little admiration among the wider public.

The survey concludes: "Interestingly, although [people] will entrust their health to a doctor, and their finances to an accountant, most would not envisage wholeheartedly entrusting their stocks and shares to a stockbroker."

The head of investment management at one large stockbroker, who declined to be named, retorted: "These are media images, mostly. There has been some arrogance in the past. That was when stockbrokers sat with their feet on the desk waiting for the wretched clients to ring in." Brokers no longer behave that way, he said.

He also rejected accusations of a lack of independence among brokers. "I think that's crazy. If you don't put your clients first, they'll leave, and your bread and butter will have walked out the door."

The survey says people are still frightened by the 1987 stock market crash and nervous about the current economic outlook and the collapse of former stock market favourites such as Coloroll.

There is also little understanding of equity investment – which is associated with high levels of risk – and the potential dividend income and long term capital growth.

The Stock Exchange and AITC should do more to educate people, who regard the stock market as "risky, distant and very confusing," says the report. An interviewee said: "People are put off by the complexity of the stock market. They see all these people running around with braces and stripey shirts."

Mr Andrew Hugh Smith, Stock Exchange chairman, said entrenched attitudes about the stock market had much to do with these perceptions, but added: "We should of course provide the right market structure to enable investors to deal easily and efficiently, and are working hard to achieve this."

The AITC said the findings revealed that the Government's privatisation programme had done little to encourage a positive attitude to share investment, in spite of the creation of millions of new investors.

The survey was based on in-depth discussions with six groups of people who did not own shares, and two who did.

Attitudes Towards Investing in Equities, Investor Research and Education Unit, ISE, London, EC2N 1HP. £100.

THE LEX COLUMN

A chocolate snack for Philip Morris

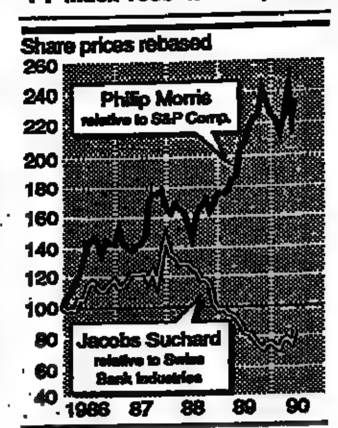
The sale of Jacobs Suchard has a true Swiss impenetrability about it. It is by no means clear why Mr Klaus Jacobs is selling, just two years after he tried for European dominance with the Rowntree bid. It may be that in buying out other members of the family, he has overstretched himself. Or perhaps he has been discouraged by recent blunders, such as paying $730m for a US confectionery business and reducing it to $50m losses three years later. Perhaps he is simply being offered advantageous terms for the bits of the business – including the US loss-maker – which he is holding on to.

It is not even clear what the real price is. The minority shareholders are getting around 16 times current year earnings, which is certainly below the going rate for European food brands. Mr Jacobs is getting more, though how much more is not disclosed. In the UK or US, this would count as a flagrant abuse of minority rights. This being Switzerland, the minority holders are doubtless grateful for getting anything. If the Swiss corporate sector ever wishes to embrace the takeover culture, it has a lot to learn.

For Philip Morris, the deal looks correspondingly cheap; though just how cheap depends on how much of Suchard's profit Mr Jacobs is taking with him. Dilution, it is claimed, will be a matter of a few cents per share. Balance sheet gearing, which was 172 per cent at the end of last year, will be much the same at the end of this. The $3.8bn purchase price, after all, is only one year's net operating cash flow.

It is thought-provoking that a company which is already the world's biggest food manufacturer can pick up 11 per cent of the European chocolate market and consolidate its number two position in world coffee in quite such effortless style. A couple of years' cash flow would be enough to give it market leadership in European chocolate by gobbling up Cadbury Schweppes. Jealous rivals such as Unilever must be looking to their laurels.

FT index rose 4.7 to 1,913.0



Markets

The May trade figures are in keeping with what looks a rather dull stretch for the London market. The figures themselves are still gruesome, but no more so than expected. Exports remain healthy, while growth in import volume is still strong enough to dispel thoughts of recession. Taken with yesterday's news that consumer expenditure in the first quarter rose 3 per cent on a year ago, this is a clear reminder that interest rates are not coming down. But after its initial ERM flurry, the market had become resigned to that as well.

Next week brings scarcely any company results, let alone economic news. It also brings the end of the quarter, and thus the resolution of the technical position whereby those fund managers who missed the May rally have been unwilling to part with stock at any price. This has particular relevance to ERM-inspired buying from abroad, which has had a perhaps disproportionate effect on prices in the absence of supply. And now that ERM membership for the UK is only a matter of narrow timing, the market may discover that it is better to travel than to arrive.

Small investors

As the Government winds itself up to cajole Sid into buying shares in electricity, the Stock Exchange and Association of Investment Trust Companies have produced a survey on why popular capitalism has had such limited success. Non-shareholders, it seems, make a distinction between saving and investing which might not be recognised by economic theorists; the former as safe and involving small regular amounts, the latter as risky and for large lump sums.

Even when they have a large sum to invest, small savers are rightly cautious about equities. It is impossible for them to build a balanced portfolio through direct investment. Most have never heard of investment trusts and find names such as Globe and Foreign & Colonial old-fashioned and strange. They think of stockbrokers as snobs or spivs; and since many brokers disdain to deal with savers' paltry sums or charge them a fortune for the privilege, the attitude is hardly surprising. Privatisation stocks are seen as exceptional: one-off opportunities to make money because of the Government's commitment to sell them on the cheap.

The report recommends greater public education about the stock market. But Sid may not be daft after all. Shares are not appropriate for those saving for a car or for holidays; and for the longer term, the tax system still makes housing the sensible first option. Greater marketing of investment and unit trust savings schemes is the best way forward. They may not be exciting; but they are still the safest way into the market for those with limited risk capital.

Canary Wharf

Gradually, Canary Wharf is filling up. But what with? London needs Olympia & York's project, if only as a long-term way of reducing the absurdly high cost of office space in the City. But in the usual style of the Reichmann brothers, this week's announcement that Manufacturers Hanover is taking 200,000 sq ft of the Tower still left unanswered all the interesting questions about the level of genuine tenant demand.

Including Manny Hanny's lease, Olympia & York has now let 1.9m sq ft of offices altogether, or nearly one-fifth of the project. This is not bad going. But Olympia & York is keeping up its thick veil of secrecy about the rents, aside from nods and winks that they are in the £25 to £37 range. Regrettably, without any public information about the nature of the leases being granted, even those vague intimations about the cost of space are of little help to outsiders. It is also disquieting that the latest tenant is yet another US financial institution following Merrill Lynch and Morgan Stanley to the Docklands site.

Last year and this have been big years for relocation by London's home-grown professional firms, particularly solicitors, accountants and investment managers; but it is very noticeable that neither they, nor BP, have taken space in Canary Wharf. Until the locals start doing so, the development will continue to look like the white elephant which the UK's major property investment companies always said it would be.

Weekend FT

SECTION II

Weekend June 23/June 24 1990

Battle for the Irish soul

Historian Roy Foster explains why the myths of Ulster's most notorious conflict have become more important than the truth

The power of symbolism in Ulster history represented by William III at the Battle of the Boyne

Illustration: R. Simkin

THE MOST inspired scene in Frank McGuinness's classic play, *Observe the Sons of Ulster Marching Towards The Somme*, deals with the 36th (Ulster) Division. By one of those strange historical resonances peculiar to Ireland, the Somme was fought on July 1 1914, the anniversary of another great battle by a river which became sacred to Ulster memory: the Boyne, whose tercentenary (by one reckoning) is a week tomorrow. This battle is usually thought to be the climax of the unsuccessful attempt by the Catholic James II to make a comeback after the bloodless revolution in England in which James, the last Stuart king, was replaced by his protestant daughter, Mary, and her Dutch husband, William of Orange.

In the play, McGuinness's soldiers distract themselves by re-enacting a mock battle, as is done at Scarva, County Down every year. In this pageant, two members of the Royal Black Preceptory Lodge, representing James and William, joust on horseback until the Catholic king is toppled by the Orange hero.

In McGuinness's play the game, played hilariously by soldiers perched on each other's shoulders, goes badly wrong: William's "horse" stumbles, and it is the Protestant champion who falls. For the Ulster Division, going to their doom, the augury could not be more ominous.

Protestant identification with the Boyne remains mystically powerful because it apparently represented a resolution of the titanic struggle between the Protestant and Catholic causes. This involved more than armies: it was seen as a conflict of cultures, traditions and histories of the settler and the native elements in Ireland.

This long continued to be the fundamental antithesis of politics in Ulster, where Protestant ascendancy was constantly subject to threats ofCatholic *revanche*. Attitudes towards the struggle of the late seventeenth century were continually reinforced by present fears and reminders.

This helps explain the disproportionate vehemence of Ulster Unionist reactions to the Anglo-Irish Agreement, giving the Republic a modest role in guaranteeing the rights of the Catholic minority in 1985. (The tercentenary of the Catholic James's accession, as it happened).

Such susceptibilities also condition the delicacy with which Peter Brooke, the Northern Ireland Secretary, must conduct his current negotiations towards bringing both political camps together. Historical memory in Ireland is agonisingly sensitive because matters of continuing importance were apparently decided at certain celebrated confrontations, which dictated the fortunes of future generations. The myth of the Battle of the Boyne is that, had it gone differently, everything in subsequent Irish history would have been reversed.

However, as with so much in Irish history, the symbolism and celebration of the Boyne have obscured the actual event. Even the date is confused: July 1 by the Julian calendar still in use in 1690, but July 12 (its official anniversary) by the Gregorian.

More important, the significance of the battle is contested. In British history, it traditionally symbolises the defeat of the Catholic Stuart monarchy by the Protestant succession, and the inauguration of the mixed constitution beloved of Whiggish memory. In European history, it was an important reverse for Louis XIV, James's backer, in his great struggle for continental mastery against a line-up that included England, Spain, the Holy Roman Empire, the Netherlands, Sweden, Denmark, Bavaria and Brandenburg. For the Irish, it sealed the triumph of the Protestants and heralded the dark century of oppression of Catholics.

However, the Boyne was not the decisive engagement of the war, on any level. Simultaneous French victories offset it, and Louis continued his campaigns until the Peace of Utrecht 23 years later. James's and William's forces lived to fight several other days.

Probably the decisive battle of the war was a year later at Aughrim, in which the Jacobites were finally routed. This was followed by the notorious Treaty of Limerick, whose original terms built in some safeguards for Catholic rights but which was cynically short-circuited by the Irish parliament. Contemporary French accounts portray the Boyne more as a skirmish than a grand engagement.

Nevertheless, it certainly had the makings of one. At least 36,000 Protestant forces under William, including Danes and Germans, faced 25,000 Jacobites across the river, 20 miles north of Dublin.

William's forces, though numerically superior, were weakened by long encampment in unhealthy conditions; James's ought to have been strengthened by fresh French troops, but their lack of commitment and eventual defeatism helped lose the day. James had advanced north from Dublin to meet the Williamites at Dundalk, and had fallen back on the line of the Boyne, near the village of Slane, outside Drogheda.

By dispersing his troops ineptly, he left a small detachment to take the brunt of William's attack, while the majority of his army impotently confronted the flank of William's army across an impassable marsh. Many of the Jacobite artillery were in retreat before the battle began, though the Irish cavalry established at the Boyne the great reputation which they would carry into service in continental armies during their long years of exile. James himself returned hastily to Dublin and left Ireland a few days later, as did William. Their generals continued the war across the Shannon in Connacht.

Both sides adopted the battle for symbolic purposes. One reason for this was the magical presence of royalty – the confrontation of two kings lent a chivalric, almost medieval glamour to the occasion.

Irish poets of the next bitter generation, living in a kind of internal exile, lamenting the passing of old ways and looking to a Stuart deliverance, replaced the pathetic and dwindled figure of James with the idea of a romantic dynasty. He had, at least, come to the country himself, held a historic parliament there, and fought a legendary battle. There were good literary and psychological reasons for representing it as an epic defeat.

On the other side, there were equally compelling reasons for commemorating it as the victory of a religion, a class, almost a caste. The real losers were the Irish Catholics – descendants of the "Old English" settlers who had kept their religion, as well as those of native stock.

Irish Catholic aristocrats had gambled on the Stuarts and lost. Sweeping measures of dispossession and expropriation followed, politically as well as economically. Protestant triumphalism would remain enduringly grateful to the unlikely and uninterested figure of William III, who saved them from Popery, brass money (James's debased coinage), and wooden shoes. The name of his dynasty was adopted by the Orange Lodges which developed later and helped keep alive the memory of a deliverance from adversity. When William reached Dublin, one Protestant observer wrote: "We crept out of our houses and found ourselves, as it were, in a new world." It was the world of Protestant ascendancy.

In Protestant churches and Ulster Protestant culture, the anniversary each July provided an opportunity to re-state and reinforce the supremacy of their religion, its principles and its values. An obelisk was raised to commemorate the battle-site in 1736; the date, like that of the 1641 rising, was regularly observed in Protestant sermons. It also appealed to historical novelists like John Banim and Isaac Butt, who wrote lengthy fictions in the early nineteenth century dealing with the confrontation at the Boyne. But it was in Ulster that the sense of deliverance remained strongest, and the statement of Protestant supremacy became an annual necessity.

For them, the Boyne followed the epic siege of Derry in 1689, where James's armies had failed to break the spirit of Protestant resistance, and had revived the folk-memory of the alleged massacre of Ulster Protestant settlers in 1641.

The Twelfth became a hallowed date in the calendar, often to the bemusement of simple-minded English observers (Crossman's diaries confuse it with St Patrick's Day). As Protestant ascendancy slowly crumbled outside Ulster, and as Catholic democracy asserted its rights and celebrated its own traditions, northern Protestants reaffirmed the apparently indisputable fact that they had once won a famous victory, on which they based their contractual notion of loyalty to a Protestant sovereign. Withdrawal into a laager mentality from the 1920s enabled a certain historical myopia to be sustained, mediated every July 12 by the Orange Lodges who commandeered the commemorations.

Symbols and commemorations matter intensely in Ireland. The memorial obelisk was blown up in 1923; the Twelfth rarely passed without rioting, and in recent years became a traditional high point of tension in Ulster's marching season. There are signs, however, that the attitude to historic anniversaries may be changing in Ireland.

For example, next year is the 75th anniversary of the 1916 Rising in Dublin, and it is likely that its meaning may be interrogated more closely than at the half-centenary in 1966. There is already a rather defensive organisation to "Reclaim the Spirit of 1916," which has organised demonstrations to condemn "historical revisionism" and "reverse the fashionable trend of being ashamed of the ideals of 1916." However, their front line look suspiciously like yesterday's men and women from the gung-ho days of 1960s, and their first rally attracted less than half the number of supporters expected by the organisers. More significantly, commemorative celebrations in Ulster have recently taken a new turn. The Siege of Derry has traditionally been treated, like the Boyne, as an opportunity to put Protestant supremacy on parade. But the tercentenary of the siege last year was treated – against all expectations – as a shared event of civic history.

Nationalist city councillors took a leading part in its commemoration, and the Protestant Apprentice Boys' organisation actually applied for a large grant from the International Fund for Ireland, an organisation usually excoriated by Unionists.

In Derry's Guildhall Square, commemorative pageants and plays presented the Siege as spectacle, to an audience which represented the entire political and religious spectrum of that traditionally divided city. For the Boyne tercentenary, the Ulster Museum and the National Museum in Dublin have jointly devised a major exhibition, "Kings in Conflict," mounting a unique collection of contemporary materials from all over Europe.

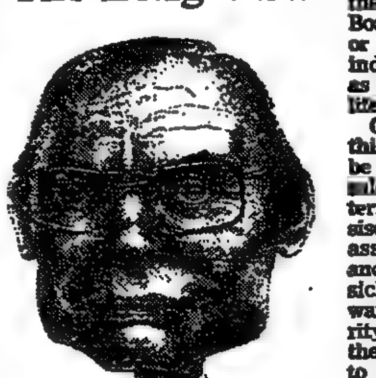
It is accompanied by an important collection of essays and an education pack. Belfast City Council has sponsored three lectures and an exhibition has been mounted by the Public Record Office of Northern Ireland with the emphasis laid on less mythological and more contingent (and ironic) aspects of the affair, such as the fact that William's cause was endorsed by the Pope. It also highlights the propaganda wars of the era, and questions ideas of the battle's significance.

Meanwhile, south of the border in Drogheda, the Boyne anniversary commemoration is enthusiastically entered into by local Fianna Fail councillors as well as by more predictable shades of local opinion. Perhaps the excitement over this anniversary has something to do with the Europeanisation of Ireland over the last 20 years or so; among other things, 1690 was the last time Ireland was in the forefront of European events.

It is a nice coincidence that, 300 years later, Charles Haughey, the Irish premier, is chairman of the EC Commission; European leaders are travelling to Dublin once again, for more peaceful purposes than James and William. If the Battle of the Boyne is remembered in this way, rather than with the triumphalist drumbeats and aggressive exclusiveness of traditional Orangeism, Irish history may be seen to be on the move at last.

Taking a chance with your life savings

The Long View



BARRY RILEY

There is too much unnecessary confusion over just what is implied by the regulatory logo on your investment adviser's letterhead

RISK – we should fear it, avoid it, exploit it, cherish it, understand it and enjoy it. Above all, we should not seek to abolish it, because we should be in danger of eliminating innovation and creativity as well.

This rule applies in many fields, but I am drawn to the subject by the collapse of yet another fringe investment vehicle, Dunsdale, and to the associated revival of the debate about investor protection.

There is a rich tradition of investment swindles in which clients' money is accepted on the basis of apparently respectable investment intentions but instead is diverted for other purposes. Sometimes the firm may be run relatively honestly for years but then suddenly turns corrupt, perhaps because the proprietor becomes greedy, or maybe because he fears that he will no longer be able to hold on to his clients' money on the basis of the slender returns available from honest investments.

Examples from the past few years include Norton Warburg, McDonald Wheeler and Barlow Clowes. Sometimes the money simply goes towards high living, usually, for some reason, involving expensive yachts, or maybe power boats, but occasionally it is placed in speculative business ventures in the hope that bigger profits can be made. I sometimes wonder whether there is a hidden iceberg out there of fraudulent deals which have hit the jackpot, so that investors have been paid off none the wiser. Probably not, because the crooks appear to be incompetent as well as devious.

Whether Dunsdale falls into this category will emerge after the various investigations. In the meantime the case provides more embarrassment for Fimbra, the self-regulatory organisation of which Dunsdale was a member, and for the Department of Trade and Industry, which set a doubtful precedent by awarding compensation to the victims of Barlow Clowes last Christmas.

If the authorities are not careful, protecting the public can become an open-ended liability. The flaw in the regulatory structure is that it does not apportion responsibility in a way that the public can understand. The procedures cut down the risks to the public, but do not eliminate them.

Investment firms are encouraged to display their "Fimbra" logo prominently, and clients naturally assume that this implies some sort of guarantee. But it only means that certain checks have been carried out, which rely upon the co-operation of the member firms. If crooked operators deceive the regulators it is not necessarily the fault of the watchdogs. But try telling that to the investor who carefully checked that his adviser was duly authorised but who has nevertheless lost most of his life's savings.

I think it is a serious mistake for the logos of the self-regulatory organisations (the others include Lautro and Imro) to be displayed in this way. As far as the public is concerned the SROs should be regarded only as complaints bureaux, to be used *after* things have gone wrong. The emphasis on the letterheads and the front doors of the investment firms should instead be on membership of the Securities and Investments Board's compensation scheme, or of coverage by some other indemnity arrangement such as the statutory scheme for the life offices.

Changing the emphasis in this way would naturally not be popular amongst the supersalesmen of the investment fraternity, who prefer to emphasise the positive: they sell life assurance, not death assurance, and health insurance, not sickness insurance; and they want to put the accent on security, not on the possibility that their clients might be subject to any business hazards. But highlighting the compensation scheme would serve two valuable purposes: it would encourage investors to think about risk, and it would also remind them of the limited scope of cover (the SIB scheme provides no protection for sums above £50,000, and the bank and life office ceilings are much lower still). Perhaps the cover should be made extendable, at a fee.

If instead we continue upon the present path of giving an undue emphasis to membership of an SRO it is inevitable that the public will insist that more and more protection is provided. To politicians, organising Barlow Clowes-style handouts is an easy way of getting desperate constituents off their backs. But such generosity would quickly undermine the public's residual sense of danger: risky investments would be that much more attractive if you could be sure of being bailed out if they went wrong. That is how the savings and loan industry crisis in the US is going to wind up costing the American Government hundreds of billions of dollars.

The end result of this political process will be that it will become almost *impossible* for the investor to take a risk, or choose a new or mould-breaking investment adviser. As in Germany, investment firms would need enormous capital bases in order to transact business, with the inevitable effect of concentrating business within the big banks and life companies. The regulators would produce safety at the expense of choice and value.

One way in which security could reasonably be improved would be by making it more difficult for firms to obtain permission to handle client funds directly. Most of the worst scandals in Britain have followed the diversion of funds into unauthorised investments, and the use of independent custodians can introduce important safeguards (although it is not unknown for them, too, to get into a terrible muddle).

But in general the public must be told, firmly, that they retain the responsibilities as well as the advantages of choice. When firms go bust the spotlight should not just be upon embarrassed Fimbra spokesmen, but also upon the clients who could have put their money with Barclays Bank or the Pru but decided not to.

With risk, you need to know what the odds are.

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FINANCE & THE FAMILY: THIS WEEK

A safety device for Peps lovers

John Edwards reports on the latest innovations in the personal equity plan market. Plus a preview of next week's company results, featuring the Trustee Savings Bank, Maxwell Communication Corporation, Dowty, Gestetner and others. **Page IV**

Pawns in the broker's name

The shuffling of private clients between stockbroking firms continues. This week, over 4,000 clients were passed *en bloc* from Stock Group in London to James Capel. **John Edwards** reports. Plus **Eric Short** on why the cost of insuring your car, house and its contents is likely to rise — sharply. **Page V**

Minding Your Own Business

A love of style and elegant design is doing wonders for the prices of classic cars, boats, and aeroplanes. Many new companies are profiting from the fashion by making replicas, and some owners are turning their hobby machines to business use by putting them to work. **Roy Hodson** reports. **Page VII**

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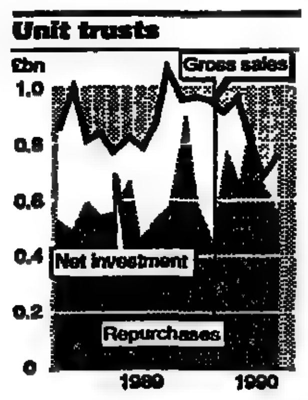
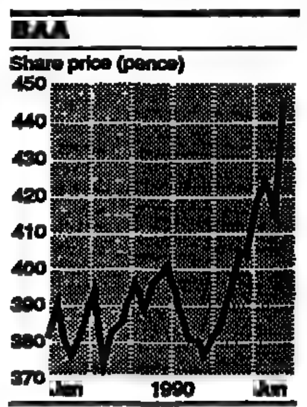
Unit trusts



BAA



Unit trust sales rise but investors still are wary

May's unit trust sales figures look very good when compared with the horrific figures of March and April. However, the rise in gross sales to £754.4m was offset by repurchases of £562.5m, cutting net new investment to just £191.9m. This was well up on the March and April totals but below the May 1989 figure and suggests that investors are still shunning unit trusts in spite of the more buoyant UK stock market. The number of unitholder accounts in fact dipped from 4.86 to 4.83m.

The only ray of sunshine for unit trust managers was that the rise in the stock markets last month resulted in total funds under management rising by nearly £4bn to £57.1bn — the highest end-month value since last December's record £58.2bn. *Eric Short*

BAA lifted to new high

BAA, formerly British Airports Authority, rose sharply to new highs this week. The company posted better than expected profits on Monday and, more to the point as far as the market was concerned, valued its property holdings at 765p a share. Traders were also keen on the news that the company's new chief executive was to be Sir John Egan, who retires as chairman of Jaguar on June 30.

However, neither of these was enough, as far as analysts were concerned, to account for double-figure rises on consecutive days. They preferred to point instead to speculation that ADT might build on its 9 per cent holding in BAA. Individual stakes are limited to 15 per cent by a UK Government golden share. But more outspoken market makers pointed out that such a set-up did not prevent Ford buying Jaguar earlier this year. *Daniel Green*

Mortgage lending rises

First-time buyers spearheaded the recovery in building society mortgage lending last month with net new commitments rising by more than £500m to £3.75bn. According to Mark Boleat, director-general of the Building Societies Association, first-time buyers are taking advantage of falling house prices and the spate of innovative mortgage products available. It is estimated that in the first quarter of 1990, over half (55 per cent) of new mortgage business came from such buyers.

However, societies still appear not to be completely successful in attracting new funds from savers. The £703m net receipts in May was £80m below that received in April and slightly below the May 1989 figure. However, receipts in April and May, after the Budget boost, were well above the poor figures of the previous five months. *Eric Short*

British Coal raises Globe bid

British Coal pension funds this week raised its take-over bid for Globe, Britain's biggest investment trust, from 191p to 205p a share in cash terms. The new — and final — offer values Globe at £1.11 bn, compared with £1.03 bn previously.

The higher bid follows the decision by the Office of Fair Trading, and Department of Trade and Industry, not to refer the bid to the Monopolies and Mergers Commission, and the strong rise in the stock market since the original offer was made. The announcement of the higher bid was combined with an instruction from the pension funds to "raid" the market and raise their stake to over 50 per cent. However, so far the funds, which already hold a 34 per cent, are estimated to have only increased their total holdings to nearly 42 per cent. *John Edwards*

LONDON

A diet of Brussels is hard to swallow

SO THE Chancellor, John Major, has added the hard-boiled Ecu to the half-baked EMS.

A number of economic master-chefs have now set a menu of Euro-dishes before Margaret Thatcher ("Would Madam like her Ecu hard or soft?") but whether any of them can persuade her that their creations differ from the loathed Diet of Brussels remains to be seen.

From the market's point of view the difference between Britain nibbling at a visionary view of European unity or plumping for the pragmatic (cynics would say obstructive) approach seems academic.

There is evidence, for one thing, that the lengthening *carte* of E-acronyms is beginning to confuse some British investors. Mention Europe and the markets jump. On Wednesday, for example, the gilts market surged on the assumption that Major's speech that evening would be about the ERM of the EMS. Nothing could have been further from the truth. It was actually about the Ecu, EMF and EMU.

Equity investors have taken less notice of such issues this week. The FT-SE 100 index slipped nearly 22 points on Monday in the aftermath of last Friday's inflation figures and has ended each day at about that level, looking more to Wall Street than Europe for its lead. It ended the week down just 13.8 points at 2,378.5.

Institutions do not seem in the mood for selling — after all, nobody wants to be caught out when the definitive ERM statement finally emerges, and the strength of the currency means that interest rates need not rise for a time.

But a strong pound also maintains the squeeze on Britain's exporters. Yesterday's trade figures for May were an improvement on the previous month's deficit — and pushed up Footsie by about 10 points — but they still suggest that Major's £15bn target for the year will be exceeded.

Temporarily at least, that could mean sweaty palms on the trading floor, as the old bugbear of poor corporate earnings returns. Thursday's news that Anglo Group, the Rothschild/Goldsmith quoted vehicle which was at the centre of the unsuccessful bid for BAT Industries, had sold its only operating asset only added to a creeping sense of realism in the market: perhaps the short-lived era of the mega-bid was finally over.

There were also some salutary lessons for British investors who perhaps consider the changing east European political situation a market irrelevance compared with the challenges of 1992, or the obscure pleasures offered by the small print of the Delors plan.

British defence stocks were among the latest casualties of peace breaking out in the Eastern Bloc: the UK Ministry of Defence announced on Monday that it would cancel orders for 33 Tornado strike and fighter aircraft as part of its effort to cut its budget by £600m.

This was probably the first concrete evidence to support growing pessimism about the future of the British armaments industry. The market reacted accordingly. British Aerospace, which assembles the UK version of the Tornado, was the principal victim — its shares ended the week down 28p at 537p — but the fall-out affected a range of defence-related stocks. Most such companies have tried to reduce their exposure to capricious Nato defence procurement in recent years, but it may be some time before Sword Holdings can justifiably change its name to Ploughshare plc.

Shareholders in Sketchley, the dry-cleaning and vending company, and the mini-conglomerate Parkfield probably felt that this was the week to turn the redundant missiles on their company directors.

The dry-cleaner has had such a troubled year that it is an understatement to talk of investors having lost their shirts: most shareholders have watched Sketchley mislay their entire wardrobe.

On Monday, the group reported losses of £2m, announced a £20.6m rights issue at 100p — less than half Sketchley's closing price at the end of last week — heralded the resignation of two directors, including the chairman, and replaced its merchant bank and stockbroker. It is now abundantly clear why two hostile bidders — offering £133m and £96.5m — shied away from buying the dry-cleaner in March and April. At the current price Sketchley is worth just £67m.

Parkfield, meanwhile, added to the steady trickle of gloomy corporate news (14 receiverships since Christmas) when it warned on Thursday that 1989-90 profits would be disappointing. The group traced the principal problems back to its video distribution arm, but no

> British defence stocks were the latest casualties of peace breaking out in the Eastern Bloc

excuse was good enough for the market: the shares more than halved during the week, from 360p to 153p.

Bid rumour has not evaporated altogether. On Monday Speyhawk, the British property company, confirmed that it was in preliminary bid talks. Its interlocutor is almost certainly the Swedish property and construction company Nordstjernan, which owns a 5 per cent stake. Trevor Osborne, Speyhawk's chairman and a 22 per cent shareholder, grown increasingly disgruntled about the market's treatment of the group's shares, but this week they rose 86p to 225p.

British Coal Pension Funds, meanwhile, pushed up its hostile bid for Globe, the UK's largest investment trust, from £1.03bn to £1.11bn — an increase which the City seemed to think would not quite settle the bid.

The increased offer had to take account of an unexpected windfall from Globe's stake in Reedpack, the UK paper and packaging company bought by management from Reed International two years ago.

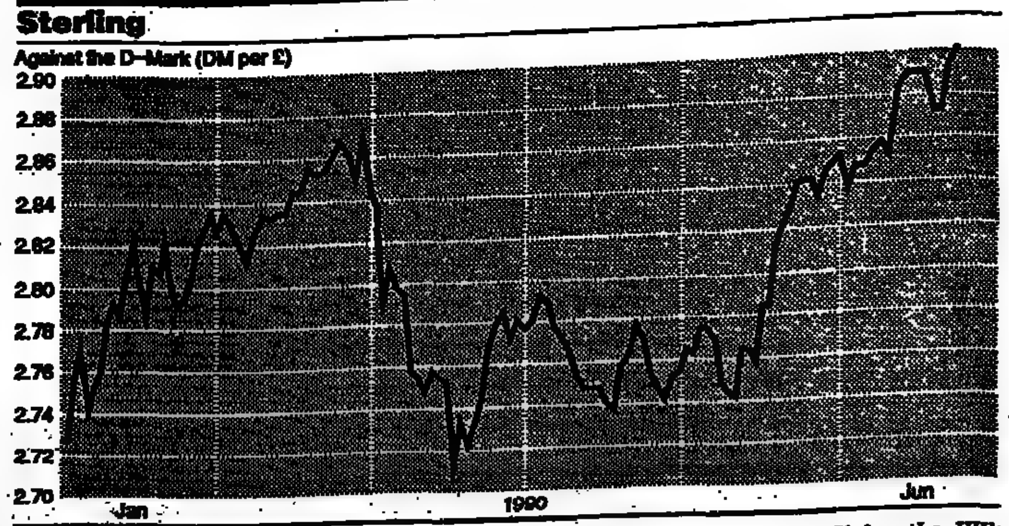
Shortly before the BCPF announcement, Reedpack announced an agreed bid from Svenska Cellulosa worth £1.05bn. Of the offer price, Globe will see nearly £30m, helping to push up its net asset value, and CIN Industrial Investments, which runs the coal funds, will receive more than £55m.

The biggest smiles, however, are on the faces of the group's 3,000 employee shareholders. Most of them stand to receive about 2¼ times their original investment, but 300 senior managers will be repaid 34-fold for their faith in the company. That means the average sales manager will have made a profit of as much as £150,000.

Peter Williams, Reedpack's chief executive, should pocket over £5m for his £150,000 investment. *He has opted to* take the sum in the form of Svenska convertible shares, but whether paid in sterling, kronor, hard or soft Ecus, Williams is this weekend contemplating a future as a very wealthy man.

Andrew Hill

Sterling



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2378.5	-13.8	2463.7	2103.4	Profit-taking
BAA	439	+23	447	365½	Good figures & property valuation
British Aerospace	537	-28	607	473	Order for 33 Tornados cancelled
Cont Stationery	66	+18	70	45	More-than-doubled annual profits
Cooper (Alan)	120	-45	210	120	Board cautious about prospects
Davy Corp	230	-31	284	211	Disappointing annual results
Fitch R-S	110	-38	236	104	Profits warning
GEC	196	-20	245	193	Defence spending cuts
ICI	1190	-60	1263	1024	Named in US pollution lawsuit
Parkfield	153	-207	524	149	Profits warning/results delayed
STC	248	-24	287	231	Profits warning/downgrades
Sketchley	153	-20	408	161	Losses & rights issue
Smiths Industries	243	-24	298	218	Defence spending cuts
Speyhawk	225	+86	358	96	Speculation of Swedish bid
Wellcome	825	-37	795	598	Brokers downgrade/US Aids c'learance

WALL STREET

Loaded up with cash

THE 10 highest paid people on Wall Street in 1989 prove that *it is still possible to make a* pile of money, even when things aren't going smoothly.

Topping the "Wall Street 100," an annual listing of the earners in the US financial world compiled each year by the business magazine, *Financial World* and published last week, was Marvin Davis, the Los Angeles investor who launched multi-billion dollar bids last year for the parent companies of Northwest Airlines and United Airlines and failed to win either battle. No matter — Davis still managed to pocket $125m last year.

Peter Ackerman, deputy to Michael Milken in Drexel Burnham Lambert's Beverley Hills junk bond operation, who moved to London to develop Drexel's business there last September, came fourth with earnings of at least $100m.

Sixth on *Financial World's* list is Paul Tudor Jones, arguably the most famous futures trader in the US. His haul in 1989 of more than $65m helped soften the blow of his agreement last month to pay $2m in fines and restitution after pleading guilty to a charge of illegally filling protected wetlands on Maryland's Eastern Shore to build a corporate duck hunting retreat.

There were more than 30 individuals in the top 100 who amassed their fortunes in one or two major investments, evidence of the enormous sums of money flying around corporate and trading America in the late 1980s.

No fewer than 28 of the top 100 made their money for their own personal accounts rather than for investors. That, too, gives a flavour of where the real money is to be made on Wall Street. The most profitable houses in increasingly difficult market conditions last year have been those most active in trading for their own accounts and investing their own money.

Henry Kravis, of the buy-out firm Kohlberg, Kravis, Roberts, who perhaps personifies the Wall Street wave of takeovers and mergers in the late 1980s, fell in the rankings to thirteenth place with meagre earnings of only around $45m. The slippage experienced by Kravis, victor in the historic battle for RJR Nabisco, invites speculation as to how many of the 1989 top 10 will be there this year.

Irwin Jacobs, the corporate raider known for his hostile deals in the 1980s, who came third on *Financial World's* list, has just set up a fund to help financially struggling companies turn themselves around.

There is no doubt that the world has changed in the high-flying world of corporate raiders and deal-makers. Last week offered two contrasting deals which illustrate the trend.

On one hand, the unions at UAL continued their struggle to finalise the financing of the planned $4.38bn or $300 a share buy-out announced on April 5. Reports in the middle of last week that the employee group was trying to enlist the help of Boeing or General Electric as equity investors suggested that there is still some way to go before this deal finally gets off the ground.

The UAL deal, typical of the kind of buy-out inspired purely by financial rather than strategic considerations which characterised the height of the leveraged takeover boom, still has an air of unreality about it.

Not so the deal announced yesterday by Philip Morris, the big tobacco and food products company, that it is combining its worldwide coffee and confectionery businesses with those of Jacobs Suchard in a deal costing Morris around $3.8bn.

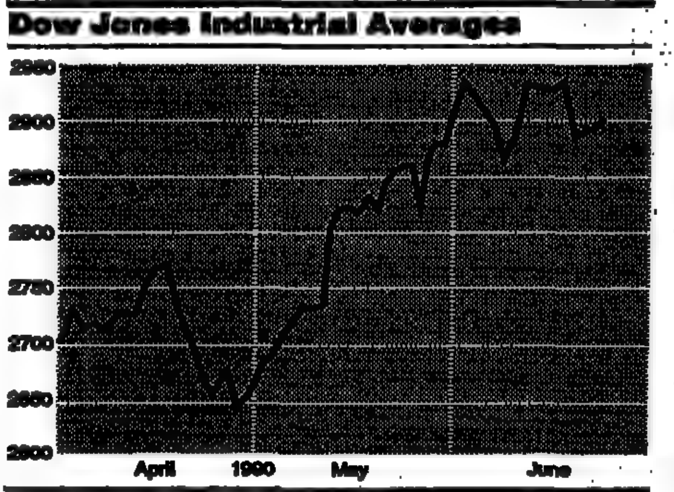
This is exactly the kind of deal which Wall Street hopes will keep its corporate finance business alive in the 1990s. It is friendly, strategic and international and involves two highly respected blue chip companies. Significantly, too, the deal will be financed from existing credit facilities and from major Swiss banks — no mention here of junk bonds.

Although the Dow Jones Industrial Average slumped 53.71 points last Monday from its record high the previous Friday of 2,935.89, it climbed back steadily for the rest of the week, regaining the 2,900 level with relative ease.

Monday	2882.18	− 53.71
Tuesday	2893.56	+ 11.38
Wednesday	2895.30	+ 1.74
Thursday	2901.73	+ 6.43

Janet Bush

Dow Jones Industrial Averages



JUNIOR MARKETS

Catching oil's falling stars

IF LAST YEAR was the *annus mirabilis* of the oil sector of the unlisted securities market, this year is looking more like the *annus horribilis*.

With Opec in disarray the oil price has plunged. And appalling weather in the North Sea has meant that, contrary to expectations, less wells have been drilled than last year. "Some of the exuberance has been dashed," says Simon Irwin of Kleinwort Benson Securities. "Generally speaking, the independents have not performed terribly well."

Several of last year's stars have crashed to earth. Take Tuskar Resources, which saw its shares hit the roof last year when it announced its had found oil in Rubiales, central Columbia.

This year, its shares are among the worst performers on the USM, with a 57 per cent drop in value. The stock market fears it has run out of prospective partners for the field and may try to develop it itself with the help of a hefty rights issue.

Another sharp reversal of fortunes concerns Midland & Scottish, which went into the record books last year, with a 1,482 per cent rise in its value.

The reason for all this excitement was the reversal of a private oilfield group into Jebsen's Drilling, a loss-making drilling contractor. From there, it raised money and offered cheap production facilities to developers in small fields. Its efforts were concentrated in the Emerald oilfield in the North Sea, for which it is prime contractor.

But this year, its shares have lost 22 per cent of its value. The problem was that a massive £149m rights issue flopped after the collapse of British & Commonwealth, which owned about 20 per cent of the shares. The shares which stood at 196p before the issue, dropped to a low of 121p in anticipation of the sale of the B&C stake.

They have since clawed their way back past the rights issue price of 140p per share. Midland & Scottish's rights issue, which was called to finance the purchase of the world's largest floating oil production facility, was large by any standards and extraordinarily large given the size of Midland which made an after-tax loss of £2.42m in 1989. It is unlikely that any other oil minor would have ambitions of the same proportions, but even so the threat or reality of a rights issue is depressing the share price of several of them.

Ireland's Tullow Oil, for instance called for I£5.85m in May. This money should finance exploration wells, which it aims to drill in places like Senegal, Italy, the UK, Spain and South Yemen. Other companies like Aran Energy, a Dublin-based oil company which has dropped 28 per cent in value, are expected to follow suit in seeking finance for a major development.

Some oil tiddlers have bucked the trend. Shares in Crossroads Oil, for example, has continued to put in a remarkable performance. It is the best performing share on the USM this year, having increased its share price by 115 per cent. That follows a 133 per cent rise last year, which put it in fourth place in the list of best-performing USM shares.

Admittedly, Crossroads started from a low base. In 1988, when it was known as Lysander Petroleum, it was one of the worst performers of the year. Since then it has made an oil discovery near Louisiana and raised money to finance it. In March it bought a 4.5 per cent working interest in another well in Louisiana. Another oil-related stock which is on target to appear in the best selling lists for the second year running is Flextech. After last year's 118 per cent rise, its shares have soared by another 84 per cent this year.

As an oil services specialist, Flextech had a dull time for its first five years on the market. But a move away from its strategy of taking stakes in small oil companies and an improvement in the oil price helped it stage a recovery last year. The appointment of Mr Stanislas Yassukovich, the former chairman of the International Stock Exchange helped move the company into the limelight.

This year it has bought an oil consultancy which is expected to complement its existing oil-related business. At the same time, it also ventured into completely new territory by buying HIT Communications, a distributor of children's and family programmes.

What next for the small oil companies? Their past performance, taken as a whole, is not encouraging. A weak oil price, a lack lustre exploration record and the diminishing popularity of speculative shares depressed most of the shares in the latter part of the 1980s.

But despite the arguments within Opec, there may well be a strengthening of the oil price in the course of this year. If so, expectations might once again focus on rising demand and supply shortages over the next five years which would renew their momentum. "As we come into the winter, the oil price should recover and people might start looking at oil companies. Sentiment is all-important for these little oils," says Simon Irwin of Kleinwort Benson Securities.

Vanessa Houlder

Where there's muck there's profit . . .

"WHERE there's muck there's brass" is proving to be the most non-biodegradable of clichés.

The six "waste" stocks — Attwoods, Caird, HT Hughes, Leigh Interests, Rechem Environmental Services and Shanks & McEwan — have an average prospective p/e ratio of 19, compared with 11 based on the FT-Actuaries Industrial index.

Many of the reasons for the popularity of these stocks are obvious. A throwaway society continues to produce muck even when it is postponing its next move of house or office and cutting down on the number of foreign holidays it takes.

Indeed many of the factors driving demand are political (or even emotional) rather than economic. Awareness of the long-term damage that waste can do to the environment has reached sufficient pitch to lead to imminent legislation on the subject. Every new rule spells a profit opportunity for the waste disposal company geared up to comply with it.

The best example is the environmental protection legislation which the UK Government is expected to pass this autumn. This will place a "duty of care" on all producers of waste to see that it is disposed of safely.

A company such as Shanks & McEwan, which has gone to the lengths of bringing its tips up to the BS5750 standard, reckons it will effectively be offering insurance to the producer that the legal requirements are being met.

As Shanks says prices rose by about 16 per cent in the past year for the pre-"green"-bill service. The outlook for prices once it is passed — and the expected exodus of "cowboys" happens — must be equally rosy.

As for volume, although interest is growing in recycling and the minimising of waste, analysts reckon it will be years before this becomes a significant factor in the equation, bearing in mind the shortage of landfill sites.

Not that recycling is seen as a threat. These companies are often well placed to get into that business. Attwoods, which has the bulk of its business in the US, has a contract in Miami, Florida, to collect, sort and sell glass, metals and plastics. HT Hughes, quoted on the unlisted securities market, recycles some of the building rubble produced by its demolition division.

Totting up all these positive factors, it is easy to understand why these stocks trade at a premium to the market. Yet because several of them continue to trade at less than last year's highs, the question is: are they worth buying at the present level?

The first thing to remember is that waste covers a multitude of sins: from nappies to polychlorobiphenyls (PCBs). While dealing with the more toxic end has its business advantages, because fewer companies compete for it, the erratic performance of Rechem's share price shows the disadvantages.

From a high of 772p last June, it share price was knocked back by news that a PCB-bearing ship had been turned away from Liverpool dock. (The price eventually slid to 380p in March.)

But the fact that a prosaic business problem, namely teething trouble with new plant at Pontypool, In Gwent, and an act of God — the gales early this year — also played a part in reducing the year's profits slightly to £8.5m shows that even in this sector earnings growth may not be free from blips.

The company which seems to have the most secure line of growth is Shanks & McEwan, which is pledged to an average annual rate of 20 per cent.

It has two main planks: an *array of naturally impervious* clay holes and the expertise (technical and PR) to assure both its customers and its neighbours that it operates to high standards. In terms of assets, one analyst reckoned that its 81m cubic metres of planned and licensed landfill space could be worth £270m, not far short of the group's market value.

Shanks is already trading at a premium to the rest. Its price rose to £14.50 (and the prospective p/e to 22) after this week's announcement of a 29 per cent profit increase. Yet the small investor prepared to pay for *quality may find it easier to* get hold of shares in a small parcel than an institution seeking a large number.

Shanks does, however, illustrate one caveat with the sector. It earnings-per-share increase only just cleared the 20 per cent mark because of a rising tax charge. This is because the tax applies to the profit figure before the amortisation of the landfill space used up.

In the case of HT Hughes, its earnings per share fell at the interim stage on a 40.6 per cent tax charge, despite a 30 per cent rise in pre-tax profit.

The lowest rated (after a rights issue) of the six in the Capel index is Attwoods and Tim Steer, an analyst at Capel, recommends it. One reason is the comparison with US waste stocks, which trade on p/es of between 16.4 and 23; another is the 36.9 per cent stake held in it by Laidlaw.

While some homework must be done to distinguish between the individual companies' merits — and old-fashioned drawbacks such as problems with planning consent still crop up — the sector seems set to benefit from the green effect for some time to come.

Jane Fuller

JAMES CAPEL WASTE INDEX

	Valuation at June 15 1990: Price (p)	Mkt Value (£m)	Price performance relative to FT-SE 100 12 months	P/E to March 1991
Attwoods	486	328	-7.07	15.7
Caird	208	116	10.11	21.2
Hughes, HT	137	34	-31.16	19.1
Leigh Int.	347	171	-0.64	18
Rechem	536	142	-32.70	19.4
Shanks & McE	1350	283	-23.47	20

What is the European Monetary System and why should the small investor worry about it? *Weekend FT* writers explain

So how do they play the game?

EVERYONE IS talking about it. Margaret Thatcher, the Prime Minister, likes it, but not a lot. Labour likes it a lot more. The City loves it, as does British industry, but Professor Alan Walters, Thatcher's former adviser, thinks it half-baked. It also sends UK share prices soaring when anyone says we are about to join.

So what is it? It is the ERM, or to give its full name, the Exchange Rate Mechanism of the European Monetary System (EMS).

The EMS was established in March 1979 to promote monetary stability in Europe, which is regarded as a vital prerequisite for successful business decision-making and economic policy management.

It also seeks to make the job of co-ordinating European governments' policies on inflation, growth and trade much easier.

At the core of the EMS is the ERM, which is designed to keep the exchange rates of the member countries within agreed limits against one another. The currencies that participate in the system are the West German D-mark, the French franc, the Belgian and Luxembourg franc, the Danish krone, the Dutch guilder, the Irish punt, the Italian lira and the Spanish peseta.

Although Britain is a founder-member of the EMS, it does not allow sterling to participate in the ERM. The British government argued in 1979 that any attempt to tie sterling to non-oil and less heavily-traded currencies was unrealistic. However, in the past year it has accepted that sterling will join, probably within 12 months.

At present all currencies with the exception of the Spanish peseta are allowed to fluctuate between plus or minus 2.25 per cent of their central rate against the other currencies.

The *Spanish* peseta is allowed a a margin of plus or minus 6 per cent for a transitional period only.

The ERM currencies are also prevented from rising or falling too far against the European Currency Unit (Ecu), the unit of money calculated from a weighted average of the currencies of the 12 member countries of the European Community.

Currencies are kept within their bands primarily by the central banks, which buy a *currency* to prop *it* up or *sell it* to stem a rise close to its limit.

For example, if the French franc fell to its minimum level against the D-mark, the two central banks concerned would buy francs and sell marks to prop up the value of the French currency.

Member central banks are required to intervene in *unlimited* amounts to prevent breaches of the agreed limits.

In practice, most central banks take action *before* limits are broken and intervention is quite common. An *alternative* to intervention is to use domestic monetary policy, such as raising interest rates to strengthen a currency's value or lowering them to depress its value.

If intervention fails, the only other step is to realign the troublesome currency. This is regarded as a last resort and is done by giving the currency a *wider* or narrower band within which to fluctuate and devaluing it against the Ecu.

This most recently happened in January when the Italian lira, which had been consistently weak on the foreign exchanges, was devalued 3 per cent against the Ecu and moved from the 6 per cent band to the 2.25 per cent band. The realignment of the lira was only the twelfth in the system's 11-year history.

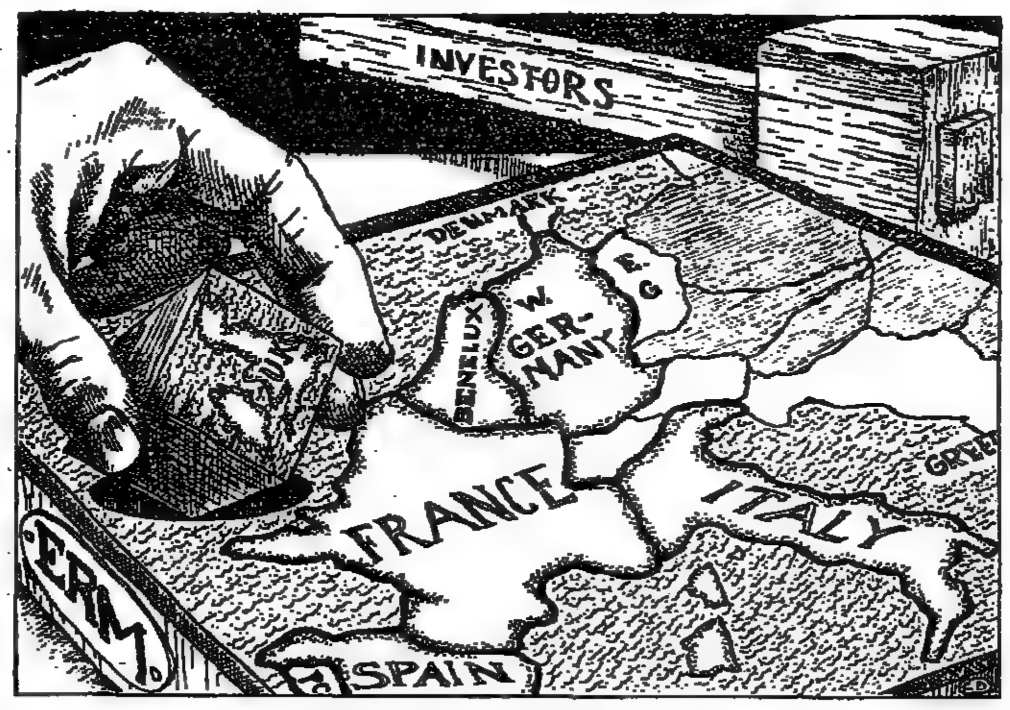
If, and when, the UK Government agrees to put sterling into the ERM, the key decisions will be at what central rate the pound should join and whether it should have a wide or narrow band.

The Government is thought to favour joining when sterling is stronger – say above DM2.90 – and within the wider margin of 6 per cent.

However, the rate at which sterling enters will to a great extent be determined by the market exchange rates at the time of entry.

In a broader context, the EMS is regarded as one step on the road to eventual European Monetary Union, a single currency and a single European central bank. When that is achieved, the exchange rate mechanism will disappear.

Patrick Harverson



What the experts say

Sara Webb gets the views of City economists on monetary union

HOW WILL joining the Exchange Rate Mechanism (ERM) affect the man in the street?

The stock market rose strongly on reports that sterling could join by September. But what do some of the economists in the City think will happen to inflation, interest rates, and savings and investments once sterling has joined the ERM?

■ **Inflation**

Some economists think that inflation will come down quite quickly after joining the ERM. Kevin Gardiner of Warburg believes "headline" inflation could drop to 9 per cent by January and to below 6 per *cent in June*. Nick Knight, equity strategist with Nomura, is even more optimistic: he thinks inflation will be below 5 per cent by the end of next March.

However, Peter Warburton, of Robert Fleming, thinks inflation will still be a problem for one or two years after joining the ERM and suggests that UK savings products will have to offer very generous returns if they are to retain investors' money.

■ **Interest rates**

Interest rates are expected to fall either immediately or soon after sterling joins the ERM and are less likely to show such big fluctuations in future, according to Simon Knapp, of BZW. "If we stick to EMS rigidity, the economy should be more stable and interest rates should stay more constant," he says, adding that the base rate could be cut by 2 percentage points by the end of 1990 without fuelling a consumer boom, and by a further 2 percentage points in the first half of 1991.

Knight thinks entry into the ERM will be accompanied by a cut in the base rate from 15 per cent to 13 per cent, leading to a cut in mortgage rates.

But he adds that in 1991-92, the Government should tighten monetary and fiscal policy to keep sterling stable – "so interest rates could go up again to cool the economy and that could be the most bullish thing for gilts."

■ **Mortgages**

For a start, once base rates come down, banks and building societies should start to cut mortgage rates, although Knapp thinks that the effect of joining the ERM will take some time to feed through to borrowers.

Indeed, Warburton maintains that if sterling stays outside the ERM there is a greater potential for mortgage rates to come down with short-term interest rates (which could *lead to a consumer* boom *and a* pick-up in the housing market). On the other hand, he says if sterling joins the ERM, "the discipline of staying in the system will force restrictions on the growth of consumer credit, mortgage borrowers will have a tougher time and mortgage rates may not come down by as much as base rates."

■ **Savings and investments**

If interest rates fall, what are the implications for savers and investors? One point to bear in mind is that if you have cash, now could be the time to lock into the current high interest rates.

Michael Saunders, UK economist with Greenwell Montagu, believes that joining the ERM will "lead to lower interest rates and a reduction in savings short-term as people take their savings out of the banks. There will be a move away from deposits and into equities and property as interest rates come down. But after a few years, lower inflation will be accompanied by higher unemployment and this would encourage people to save more money."

Bob Semple of County NatWest says: "It's good news for the gilt market – as short-term interest rates come down there should be scope for making capital gains." Nick Knight says the gilt market should rally a little, although the gilt market may "be fearful that entry to ERM does not necessarily presage the defeat of inflation."

What about the stock market? Will it continue to surge once sterling has joined the ERM?

Knapp believes that there is "quite a bit of EMS effect in the market already, which helped the market to rally in May. The index could break through its all-time high by the end of the year but we would *need to see better trade* and inflation figures first."

Knight is even more bullish and thinks the FT-SE 100 index could top the 2,800 mark by the end of the year, perhaps falling back to 2,500 in the first quarter of 1991, and passing through the 3,000 level before the next general election.

■ **As for the experts, what would they do?**

Michael Saunders: "I'd buy property and equities, and once we have joined I'd buy gilts." Bob Semple: "Invest in equities." Simon Knapp: "We think the stock market will continue up." Peter Warburton: "I'm not fully invested now but I would be by the first quarter of next year. There's 5 to 10 per cent potential for the stock market on the actual announcement of joining the ERM."

The question of early entry to the ERM

HOW SHOULD the investor view the possibility of early entry into the Exchange Rate Mechanism (ERM) of the European Monetary System?

The markets have certainly responded enthusiastically of late to rumours that this may happen. The main argument that seems to have impressed them is that the present level of UK interest rates is well above Continental European rates because of the fear that *sterling might fall*.

Suppose, for example, that the market expected sterling to fall by 5 per cent on average over the next year against the EMS currencies. Interest rates would then need to be something like 5 percentage points higher than on the *Continent* to persuade people to keep their money in Britain – and probably higher still to induce a continuing "inflow" of foreign money to finance the UK payments deficit.

But if stability of the sterling exchange rate were assured for some time ahead by entering the ERM, it is argued that UK interest rates could come down; and this would be good *for gilts and thus, indirectly*, for equities.

This is a powerful argument, but by no means the whole story. For example, if interest rates (and mortgage rates) came down, while this would in itself reduce the "headline" inflation rate, it would also encourage consumption, which Britain is trying to curb in order to reduce inflation by another route. So the net result would be uncertain.

In the circumstances, the authorities might try to join the ERM at a rate of exchange which made it necessary to keep interest rates high to prevent sterling falling through the bottom of the band chosen.

This would mean entry at a rate which would be uncomfortably high for many exporters and firms competing with imports. It will be said that this is part of the object of the exercise, by forcing pay negotiators to make lower settlements and thus bring inflation down.

This could happen. However, although many businessmen are reported to want exchange rate "stability" at almost any rate, some are sceptical of the supposed effects of entry into the ERM on what happens in practice at the pay-bargaining table.

Why Sir Donald MacDougall favours joining now

In fact, the British structure of industrial relations and pay negotiations seems to have led, over long periods, to higher growth of earnings in manufacturing, both absolutely and in *relation to improvements* in productivity, than in most of the major industrial countries in the EC and overseas.

Can this be transformed overnight by what many negotiators may regard as an esoteric development in the mysterious world of finance that does not concern them?

If not, the net effect of entry into the ERM at a high rate could be a squeeze on profits – hardly good for equities.

Entry at a high rate would also, after a period, slow, or even stop, any reduction in Britain's large trade deficit and, to prevent worried foreign exchange operators from taking their money out – bearing in mind that the ERM does not rule out devaluation – might require higher interest rates.

So far, I have discussed entry at a high exchange rate. If the UK entered at a low rate, which is probably necessary to get the trade deficit down at a reasonable speed, interest rates would be more likely to fall, but inflation would be higher because of rising import prices, and this would be unlikely to please the markets.

So the whole matter is highly uncertain; and the political implications make it even more so.

Perhaps the best guess is that the early effects of entry would be favourable for markets (insofar as they are not already discounted). But in the longer run almost anything could happen.

Finally, it may help the reader to assess my analysis if I explain that I favour early entry into the ERM, not so much for the economic consequences, which are so uncertain and indeed involve considerable risks, but to ensure that we have a full say in the discussions about an eventual monetary union.

■ *Sir Donald MacDougall is a former chief economic adviser at the Treasury and a former CBI economic adviser.*

FINANCE & THE FAMILY

Safety device for Peps lovers

MOST PEOPLE associate personal equity plans (Peps) with investing in shares, since the tax-free concessions offered by the Government under the scheme were designed to encourage wider share ownership.

However, the regulations were altered in March 1989 to allow investors to hold cash, or other low-risk instruments like zero-dividend preference shares, during periods when the outlook for shares is uncertain. It was strongly argued by managers of Pep funds that the original strict restrictions forcing them to invest in shares, even when market prospects looked terrible, was dangerous and unfair.

To prevent Peps being used as a tax-free cash only fund, the Government decided that composite rate tax (CRT) must be deducted from the interest earned in the same way as building society and bank accounts. If no investment in equities is made high-rate taxpayers will probably be liable to pay extra tax – and, of course, there are the Pep managers' charges.

London stockbrokers Shaw & Co have come up with a novel Pep for the more safety-conscious investor. It is a managed portfolio that will use a mixture of shares, zero dividend preference shares and cash, which will be switched around according to the firm's view of the stock market.

Shaw & Co offer five other Peps included in a special Private Client PEP Club which investors have to join. This costs £60, but this is a one-off joining fee and the fund charges are extremely reasonable.

There is a 0.5 per cent half-year management fee, and the share dealing cost is 0.5 per cent with no minimum charge.

Another stockbroker, Redmayne Bentley of Leeds, is bringing out a "green" Pep with a difference. It will allow investors to select the "green" companies they favour either from a list of 30 suggested shares or their own choice.

The firm will invite comments from investors as to which companies should remain on, or be added to, the suggested list and will provide an update of the list twice a year, free of charge.

Meanwhile Fidelity is taking advantage of the changes in Pep regulations announced with this year's Budget by launching a special International PEP unit trust on July 1. Under the new regime up to 50 per cent of the assets in an investment or unit trust can be held in overseas shares thus enabling a wider international spread to reduce the risk of being concentrated too heavily in the UK market.

Instead of simply using existing funds, Fidelity has created what it describes as an international portfolio Pep. Below £3,000 half the investment will go into overseas shares via the special trust, and above £3,000 investments will be concentrated on UK shares with a high proportion of overseas earnings.

There are the normal Fidelity charges of 5.25 per initially, plus 1.50 per cent annually, for the unit trust. There are similar charges for the share investments too, but dealing costs will be kept down to around 0.2 per cent per transaction.

MIM Britannia is moving even faster with the launch this weekend of TaxHaven International, which will also take advantage of the relaxed regulations about foreign investment. It will allocate 50 per cent of the money to the the group's English and international investment trust and the remaining 50 per cent to UK companies which generate a minimum of 40 per cent of profits or sales from overseas.

John Edwards

The Week Ahead

Trusting in Trustee

THE TRUSTEE Savings Bank will be producing its interim results on Thursday, and these should mark the first steps in the group's efforts to ginger up its performance.

After making huge advance provisions in last year's results for the costs of restructuring and redundancies, the bottom line will show a healthy improvement. Analysts are forecasting rises in the 15-20 per cent range. Warburg Securities, for example, expects £194m before tax, up from £165m last year. Most elements of the diversified group should show a contribution, but banking will be the biggest earner. The banking figures show TSB loan growth among the highest of the clearers at the moment. The unknown quantity is how much Sir Nicholas Goodison, the chairman, decides he needs to tuck away against bad debts.

So extensive have been the changes in the ongoing business of Maxwell Communication Corporation in recent times that analysts feel they are shooting in the dark when forecasting pre-tax profit for the year to end-March.

The fact that they will be comparing the new numbers when they emerge next Tuesday with a 15-month period to March 31, 1989 only compounds matters. Nonetheless, projections are now clustering rather tentatively in a £180m-£185m range.

Points of interest will include the respective contributions of Macmillan, the US publisher, and Official Airline Guides, the travel information business. Information on the group's heavy debt load will also be scrutinised carefully. Some anticipate that interest charges may total £125m.

Last year, Dowty, the engineering and electronics company, was hit by an internal strike in the first half and disputes at its customers Rolls-Royce, Boeing and British Aerospace in the second. As a result, its pre-tax profits for the year to March 30 will be held back to about £85m, compared with the £79.1m scored last year, and earnings are likely to be flat. When the company reports its results on Friday, analysts will be particularly interested in the progress and future of its defence-related businesses.

Gestetner, the office equipment group, is expected to report pre-tax profits of about £21m for the six months to April 30 on Monday, as against £16.2m for the comparable period last year.

Most attention will focus on the progress of Hanimex, the Australian photographic and imaging equipment distributor which Gestetner bought last August and is thought to have faced a trading downturn in Australia, the US and the UK. Analysts will also be interested in whether margins are still being improved in the core business of distributing photocopiers and facsimile machines.

Debt and disposals will be the main points of interest in Tuesday's annual figures from Anglo United, the mining and fuel distribution group which last July won a £478m takeover battle for Coalite, its far bigger competitor in the fuel distribution. The house broker, Charterhouse Tilney, is predicting pre-tax profits of £12.5m for the year to March 31, but admits there are large uncertainties about the contribution from companies which have been disposed of since the takeover and concerning the carrying costs of companies that are still to be sold. So far the company has raised £135m from the sale of its quarries, waste and builder's merchants businesses.

Despite continuing difficulty in the package holiday market, Hogg Robinson is expected to have staged a profit recovery in the year to March 31, achieving about £7m pre-tax compared with £5m last time.

However, even £7m remains well below the £11m of 1987/88. The trough was caused not only by declining demand for holidays, but also by the plummeting fortunes of the estate agency business. This has since been sold in two tranches – one last year and the other in January – to Sun Alliance.

Hogg has been aggressively going for market share and has claimed to be doing more business despite the declining consumer travel market. Its transport activities, including international haulage, are thought to have had another good year; and an improvement is expected from financial services, which saw profit fall last time.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Aquascutum ‡	550*	550	340	16.25	Renown Inc.
Do. A ‡	200*	197	143	54.55	Renown Inc.
Crystalate	93§	81	73	35.58	TT Group
Crystalate	80*§	81	73	30.60	Vishay
Globe Inv. Tst	205*§	208	174½	1.10bn	Br. Coal Pen. Fd
Hartwell	155*	154	141	122.85	Jameel
Int.Colour Mngmt	124*	119	89	14.20	Brauerei Eichhof
Mecca	94	95	84	288.35	Rank Org.
Do.7.25p Cv. Pf.	80½	88½	86	251.20	Rank Org.
Optim Group	17	15	14	13.60	Systems Reliab.
Pennant Group ‡	24½ §§	24	10	4.38	Mowat Group
Tozer Kemsley	150*§	142	115	351.72	IEP
Triefus	178*§	175	133	19.12	Asahi

*All cash offer. ††Cash alternative. ‡Partial bid. §For capital not already held. §§Unconditional. **Based on 2.30pm prices 22/6/90. †At suspension. §§Shares and cash

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airsprung	Mar	2,350	(3,040)	13.1	(19.3)	5.5	(5.5)
BAA	Mar	258,000	(198,000)	37.2	(27.4)	11.5	(9.0)
Bell AH Group	Mar	1,220	(1,410)	12.3	(16.4)	6.75	(-)
BET	Mar	322,300	(270,600)	28.5	(25.5)	13.0	(11.5)
Bio-Isolates	Dec	5 L	(67)	0.32	(0.55)	-	(-)
Booth Industries	Mar	968	(616)	14.8	(9.99)	3.2	(2.2)
Bradford Prop.	Apr	18,317	(21,402)	8.34	(9.71)	3.2	(2.8)
BTP	Mar	17,250	(11,400)	19.6	(13.2)	7.85	(7.0)
Bulgin AF	Jan	356	(781)	0.85	(1.9)	0.2	(0.2)
Chancery	Mar	7,900	(6,800)	24.9	(22.7)	9.0	(8.0)
Charter Cons.	Mar	75,800	(67,700)	43.6	(43.1)	19.5	(17.2)
Cont. Stationery	Mar	2,300	(1,140)	8.94	(4.72)	4.0	(3.5)
CPU Computers	Dec	534	(884)	1.23	(4.33)	0.62	(-)
Davenport Knit.	Dec	606	(1,000)	22.5	(38.1)	8.03	(8.03)
Davy Corp.	Mar	30,140	(28,840)	19.8	(21.2)	9.0	(8.5)
Dawson Int'l.	Mar	40,380	(43,050)	18.1	(18.1)	9.0	(8.6)
Erostin Group	Apr	7,530	(7,510)	21.6	(22.9)	7.0	(6.0)
GEI Int'l.	Mar	7,340	(6,550)	13.0	(11.4)	7.2	(6.54)
Gold Greenless	Apr	7,680	(5,150)	30.1	(27.8)	8.3	(7.5)
Hadleigh Industs	Mar	2,040	(993)	20.7	(11.7)	6.0	(-)
Hambros	Mar	75,300	(68,700)	31.3	(25.1)	11.5	(10.0)
Hanover Druce	Feb	2,750 L	(2,140)	-	(18.0)	2.0	(5.0)
Hewetson	Mar	2,210	(1,820)	16.6	(13.5)	4.5	(3.85)
Hobson	Mar	367 L	(708)	-	(1.29)	-	(0.75)
IWP Int'l.	Mar§§	9,050	(7,510)	25.7	(23.0)	5.5	(4.5)
JMD Group	Dec	301	(1,610)	0.32	(1.53)	-	(-)
Jones & Shipman	Mar‡	2,070	(1,120)	10.4	(6.2)	6.0	(4.5)
Marina Develops.	Mar	5,880	(4,570)	22.8	(19.7)	12.0	(7.5)
Melville Street	Apr	898‡	(640‡)	4.8	(3.4)	4.0	(3.0)
ML Holdings	Mar	10,600	(8,630)	13.8	(11.3)	3.45	(2.85)
Mountview Estate	Mar	8,950	(11,710)	127	(162)	11.5	(9.5)
NSM	Mar	26,200	(16,520)	9.75	(8.06)	3.5	(3.0)
Owen & Robinson	Jan♦	1,006	(452)	1.59	(0.50)	0.5	(0.45)
Penny & Giles	Mar	2,990	(2,370)	19.8	(16.9)	4.25	(3.5)
Phoenix Timber	Mar	656	(1,420)	4.0	(10.2)	2.75	(2.75)
Premier Cons.	Mar	9,040	(8,550)	1.7	(1.64)	-	(-)
Quiligotti	Mar	2,070	(2,340)	4.4	(5.7)	2.2	(0.17)
Reject Shop	Mar	743	(1,460)	4.58	(9.15)	3.15	(3.15)
Renold	Mar	9,500	(7,200)	11.0	(8.8)	5.7	(2.8)
Security Archive	Mar	1,110	(922)	13.3	(11.0)	6.5	(5.0)
Security Tag	Mar	576#	(1,910L#)	-	(-)	-	(-)
Severn Trent	Mar	130,000	(97,500)	56.4	(-)	9.9	(-)
Shanks & McEwan	Mar	17,440	(13,500)	53.3	(44.2)	22.8	(19.0)
Sketchley	Mar	2,000 L	(16,043)	-	(32.7)	6.5	(20.9)
Smith New Court	Apr	14,800	(12,600L)	23.5	(-)	3.0	(1.5)
Somic	Mar	208	(291)	6.75	(9.84)	2.5	(3.25)
Stirling Group	Mar	2,740	(2,740)	5.09	(4.7)	1.5	(1.35)
Stoddard Sekers	Mar	4,980	(3,700)	6.1	(5.4)	2.5	(2.5)
Syltone	Mar	2,410	(2,090)	19.5	(16.3)	8.0	(6.75)
Tams John Group	Mar	2,520	(2,370)	8.26	(8.25)	3.78	(3.6)
TGI	Mar	1,730	(3,620)	6.1	(15.9)	6.2	(6.0)
Unigate	Mar	105,500	(100,500)	31.5	(29.6)	15.3	(13.9)
United Industs.	Mar	2,380	(2,960)	5.06	(5.92)	3.0	(3.0)
Volex Group	Mar	7,010	(9,140)	31.8	(44.4)	17.0	(16.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Archimedes Inv. Tst.	Apr	118‡	(105‡)	7.25	(6.25)
Bankers' Investment	Apr	2,210‡	(1,560‡)	0.66	(0.55)
Dundee & London Inv.	Apr	835‡	(702‡)	3.8	(3.4)
Eldridge Pope & Co.	Mar	51	(1,051)	1.75	(1.75)
Electra Invest. Tst.	Mar	8,280	(7,580)	3.0	(2.7)
Hawtin	Mar	543	(543)	-	(-)
Hoskyns Group	Apr	8,200	(6,700)	0.75	(0.65)
Invicta Sound	Mar	96	(420)	-	(-)
Kleinwort Charter	May	2,460†	(1,730†)	1.2	(1.07)
Manpower	Apr	21,300	(24,763)	-	(0.6)
Mid Kent Holdings	Mar	2,860	(2,170)	3.0	(-)
Polar Electronics	Mar	601	(533)	2.0	(-)
River Plate & Gen.	Apr	1,910‡	(1,760‡)	3.0	(3.0)
Sheriff Holdings	Mar	560	(364)	1.9	(0.75)
Soundtrace	Apr	375	(417)	0.85	(0.85)
Strata Investments	Apr	58‡	(30‡)	-	(-)
[illegible]	Mar	502	(774)	1.0	(1.0)
Windsor	Mar	120	(175)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Net revenue.† Net earnings.# After tax profits quoted in US dollars.♦ This years figures for a 15 month period.♣ Last years figures on a pro-forma annualised basis.§§ Figures quoted in Irish punts & pence.

RIGHTS ISSUES

BTP is to raise £22m via a one-for-four rights issue at 140p.
Conrad Continental is to raise £1.8m via a 9-for-10 rights issue.
Sketchley is to raise £20.6m via a three-for-five rights issue at 100p.
Tomkins is to raise £325m via a 3-for-4 rights issue at 242p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Pittencrieff is graduating to the official list via a placing of 7.2m shares at 120p.
Takare is to raise £18.8m via a share placing and open offer.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AAH Holdings	Thursday	4.0	7.95	4.6
Aberfoyle Holdings	Monday	-	-	-
Allen	Monday	-	-	1.0
Amber Industrial Holdings	Tuesday	3.75	8.75	4.4
American Business Systems	Monday	0.7	1.5	0.8
Anglo United	Tuesday	0.2	1.0	0.2
Asprey	Friday	0.90	2.73	1.1
Avesco	Tuesday	-	1.125	0.5
Berkeley Group	Wednesday	1.5	3.0	1.5
BPB Industries	Thursday	3.75	7.0	4.0
Bristol Evening Post	Wednesday	3.5	7.0	3.75
BS Group	Friday	-	2.0	-
Carclo Engineering Group	Thursday	1.35	4.55	1.55
Carroll PJ & Company	Tuesday	-	4.1♥	4.1‡
Central & Sheerwood	Thursday	-	-	-
Courts (Furnishers)	Wednesday	1.63	3.17	1.83
Cranswick Mill Group	Wednesday	1.85	5.55	1.65
Crossroads Oil Group	Thursday	-	-	-
Cullens Holdings	Friday	-	-	-
Debenham Tewson & Chinnocks	Tuesday	2.0	6.0	2.4
de Morgan Group	Friday	1.25	2.35	1.375
Dowty Group	Friday	3.2	4.8	3.5
Dunlop Plantations	Friday	-	-	-
ERF Holdings	Tuesday	4.0	11.0	4.0
Fobel International	Tuesday	0.65	-	-
Greycoat	Thursday	2.0	2.5	2.3
Helma	Tuesday	0.544	0.873	0.707
Hogg Robinson	Wednesday	2.0	2.7	2.0
In Shops	Thursday	0.5	1.2	0.6
M&G Optimum Income Trust	Thursday	-	-	-
Kewill Systems	Thursday	-	3.0	-
Markheath Securities	Thursday	1.5	3.5	2.0
Marling Industries	Friday	1.2	2.8	1.3
Maxwell Communications Corp.	Tuesday	6.0	6.0	6.5
MS International	Thursday	0.9	3.05	1.0
Newpsend	Thursday	0.4	0.8	0.5
Rothmans International	Wednesday	3.5	8.8	6.2
Shelton Martin Group	Tuesday	0.5	1.5	0.75
Sterling Publishing Group	Thursday	-	4.5	1.5
Stocklake Holdings	Friday	3.0	9.0	7.5
Stormgard	Wednesday	-	0.1	0.1
Sutcliffe, Speakman	Thursday	-	3.0	-
Tex Holdings	Thursday	2.5	7.5	8.0
Tilling Thomas	Friday	-	-	-
Unit Group	Friday	2.5	2.5	2.5
Vistec Group	Friday	-	0.1	0.1
Wagon Industrial Holdings	Wednesday	5.25	8.75	5.75
Walker & Staff Holdings	Friday	-	3.0	-
Waterglade Int'l. Holdings	Thursday	1.75	2.75	1.95
Wellman	Monday	-	1.0	-
Welsh Water	Thursday	-	-	-
Whitecroft	Monday	4.1	9.7	4.6
Wilshaw	Thursday	-	0.2	0.1
Wood (Graham)	Wednesday	-	1.24	-
Wyndham Group	Thursday	1.5	3.0	2.0
York Trust Group	Friday	1.0	1.7	1.0
Yorkshire Water	Friday	-	-	-
INTERIM DIVIDENDS				
Airsprung	Wednesday	1.5	5.5	-
Alba	Friday‡	1.5	2.85	1.5
Aukett Associates	Tuesday	1.25	2.75	-
Beckenham Group	Tuesday	1.5	1.5	-
City Site Estates	Friday	0.8	0.8	-
Colorvision	Wednesday	1.95	2.95	-
Crest Nicholson	Wednesday	3.0	4.65	-
Gestetner Holdings	Monday	1.5	6.0	-
Greenwich Communications	Thursday	-	-	-
Hardys & Hansons	Thursday	9.4	18.7	-
Henderson Highland Trust	Tuesday©	-	-	-
Kleen-E-Zee Holdings	Thursday	-	-	-
Lee Arthur & Sons	Thursday	1.55	4.25	-
LPA Industries	Tuesday	1.5	1.7	-
Sandell Group	Friday	1.7	2.7	-
Throgmorton Trust	Friday	0.8	2.39	-
TSB Group	Thursday	2.85	2.85	-
Westminster Scaffolding Group	Monday	-	3.0	-
Wilding Office Equipment	Thursday	1.8	2.4	-
Wiltshire Brewery Company	Thursday	-	-	-
Zambia Consolidated Copper	Wednesday†	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ 3rd quarter figures.† Quarter figures.© 1st quarter figures.‡ Dividend payment for 18 months ended 31/3/90.♥ 2nd interim dividend.

Exchange rate slip by Midland Visa

MIDLAND Bank has pointed out that it supplied some incorrect data for the exchange rate comparison in last week's Finance & the Family article on credit and charge cards. The correct figures show that Midland's Visa card is not as competitive as its Mastercard, nor is it as competitive as the Lloyds and NatWest MasterCards.

An eagle-eyed reader spotted the mistake when querying his First Direct Visa statement (First Direct is the telephone banking service owned by Midland Bank). He was told – and Midland later confirmed – that Visa takes a 1 per cent commission on transactions outside Europe and a 0.25 per cent commission on transactions within Europe. On top of this, Midland takes a 0.5 per cent commission once the transaction has been converted at the same *commercial* selling rate used for its MasterCard.

The end result is that Midland's Visa card is more expensive to use than its MasterCard, and offers only a slightly better deal than Barclaycard.

Barclaycard has its own tourist rate and came out worst in the comparison between American Express, Diners Club and the other clearing banks' credit cards.

Sara Webb

FINANCE & THE FAMILY

Richard Waters looks at the shuffling by firms of private clients

Pawns in the broker's name

THE SHUFFLING of private clients between stockbroking firms continues. This week, over 4,000 clients were passed *en bloc* from Stock Group in London to James Capel. Many probably will not even realise until they receive a letter from Capel in the next few days.

Why have stockbrokers' clients become like pieces on a board in recent years, to be passed around freely from broker to broker?

Initially much of the shuffling was the indirect result of Big Bang in 1986: banks bought stockbrokers with an eye on their institutional business but found themselves in the process saddled with private client departments they did not want.

More recently, the cause has been the low level of dealing, which has caused difficulties for some brokers. Stock Group does not fall into this category, but has been forced to disband by the collapse of its parent, British & Commonwealth.

Apart from the clients moving to Capel, some of Stock's clients are expected to be transferred to Robert Fleming, while owners are still being sought for its subsidiaries: Bristol-based Stock Beech and Campbell Neill in Scotland.

Many of the clients going to Capel were once clients of Hoare Govett, before Stock "bought" them two years ago. They are unlikely to welcome being passed on yet again.

"I think if I had been a private client of all those firms, I would be a bit fed up by now," says Nick Fraser of James Capel.

Should it matter to clients if they are passed around, as long as they are able to deal with the same individual at their stockbroker? Fifteen of Stock's executives are moving to Capel with the clients. Many of them once worked for Hoare Govett. This provides some continuity for clients.

However, there is more to a stockbroking firm than just the people. At Capel, investors will encounter a different investment approach and a different charging structure. They may not welcome the change, so soon after being introduced to the Stock "approach."

Fraser says the changes will be minimal. "We will not immediately impose on the Stock executives who come here a dictat saying what stocks should be in their clients' portfolios," he says. But he adds: "Over time, the shape of their portfolios will get closer to that of James Capel's clients."

At Capel, discretionary investment clients pay an annual fee (0.6 per cent on the first £500,000), but get a 40 per cent discount on Capel's commission rate. At Stock there was no fee, though there was no discount either.

Clients are not forced to make the switch. They will receive a *customer agreement* from Capel and will only move to the firm if they sign and return it. And if they don't? Then they will have to find some other stockbroker to take on their investments.

Insurance rates warning

BAD NEWS. The cost of insuring your car, house and its contents are all going up sharply. A warning of higher premium rates was delivered this week by Joe Palmer, chairman of the Association of British Insurers and chief executive of Legal and General Group.

His ballpark guestimate was that the higher rates would add £1.50 a week to the family's domestic insurance bill over and above the normal yearly inflationary increase.

Currently, the average family spends around £435 a year on insurance – £125 for their house, £85 for its contents and £225 for their car.

With the annual inflation rate running at nearly 10 per cent, the average family insurance bill would have been expected to rise by around £43.50 next year in any event.

But Palmer is saying that instead next year's insurance bill could rise by an extra £78 on top of the £43.50, increasing the total to £550.

The extra increase should not come as a great surprise, particularly the rise for house insurance.

The winter storms in January and February resulted in insurance companies paying out more than £2bn on over 3m claims, with one out of every seven households being affected.

This followed last year's hot, dry summer which resulted in some £400m being paid out on subsidence claims – four times the average annual payout for subsidence over the past five years.

Palmer would not give a breakdown on how the estimated overall rise of £1.50 a week would be split between the three different types of insurances. But one could see the present buildings rate of £2 per £1,000 sum insured rising to £2.30 per £1,000.

It is also likely that insurance companies will introduce regional rating, based on post codes, for buildings insurance in a similar manner to the current system for contents insurance, so that householders living in areas susceptible to storms, subsidence or floods would pay higher premiums.

However, adverse weather is not the only problem affecting insurance company underwriters.

Underwriters have been facing increasing numbers of theft claims each year when dealing with house contents insurance. Now fire claims have become a major problem.

Insurance companies paid out £200m in fire claims last year compared with £276m on theft claims.

So rises in house contents insurance premiums seem inevitable to cover not only the higher theft figure, but also the rising fire risk. However the premium increases will vary by post code location.

Motor insurance premiums have been rising steadily for over two decades so motorists should by now be immune to news that their insurance premiums are going to be increased yet again.

Nevertheless, accident frequencies continue to rise as the volume of traffic on the roads increases. Nowadays one in four motorists make claims annually compared with one in six a few years ago.

What can families do to mitigate these forthcoming higher insurance costs, particularly if they feel that since they have not made a claim on their house or their car they are a good insurance risk?

The answer is to shop around for insurance.

Over the past few years motorists have been offered an alternative to the usual insurance range of contracts through the direct line type of insurance operation.

Essentially, under direct line insurance the individual is dealing direct with the insurer, thereby cutting out some of the administration expense.

But these insurers tend to deal primarily with the good risks, motorists with a claim free record over the previous few years.

Direct line insurance is now moving into the house building and contents insurance area. So if you have a good claim-free record it is worth considering.

Eric Short

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000	0-7
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-9,999	0
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999	0
High interest cheque	9.60	10.00	8.00	monthly	1	25,000-49,999	0
High interest cheque	10.20	10.70	8.56	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999	90
90-day	11.50	11.83	9.46	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
35th issue‡	9.50	9.50	9.50	not applic.	3	25-1,000	8
Yearly plan	9.50	9.50	9.50	not applic.	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3		8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.72	11.26	9.01	monthly	1	2,500	0
Provincial Bank	11.02	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	12.99	10.90	8.64	half yearly	4	-	0
8pc Treasury 1992	12.85	10.74	9.45	half yearly	4	-	0
10.25pc Exchequer 1995	11.89	9.22	7.82	half yearly	4	-	0
8.5pc Treasury 1994	12.26	9.95	8.61	half yearly	4	-	0
3pc Treasury 1992	9.99	9.17	8.65	half yearly	4	-	0
Index-linked 2pc1992§§	14.02	11.45	11.14	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; Immediate access for balances over £5,000.‡ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

John Edwards on guaranteed income bonds

A fix on your interest

INTEREST rates on guaranteed income bonds have come down sharply in recent weeks. This reflects the easier trend in the money markets and general expectation that the present high levels will not be sustained for much longer, especially if Britain joins the European Monetary System's exchange rate mechanism.

Nevertheless these bonds still offer a chance for investors to lock in historically high interest rates, according to London intermediaries Chase de Vere Investments, who have produced a table of comparative rates back to 1984.

Their current "best buys," which were available this week, show that standard rate taxpayers can still get 12 per cent net for one year bonds for a minimum investment of £5,000 or 12.20 for a minimum of £25,000 and 12.4 for deposits of over £100,000. Looking at the longer term periods, which are more important when considering fixed rate investments, the top rates are 11.25 per cent net annually for a two-year investment; 10.90 over three years; and 10.50 over four over five years.

These rates, which are nearly 2 per cent below the peak reached a few months ago, are no longer particularly competitive with building societies over the short-term. They are fixed rates, while the bulk of building society rates are variable and are likely to come down pretty smartly in the event of any cut in bank base rates.

A better comparison would be Capital Bonds, issued by National Savings, which has just introduced a new series offering 13 per cent gross providing you keep your money invested for five years. That is the equivalent of 9.75 per cent for standard rate and 7.8 per cent for high rate taxpayers, but you are liable to pay interest tax each year in advance, even though not receiving any money until the end of the five-year period.

In contrast the five-year guaranteed income bond offered by Hill Samuel, with a minimum investment of £5,000, pays 10.50 per cent to standard rate taxpayers and 8.93 per cent to top rate payers.

> With guaranteed income bonds there is no liability to standard rate tax

With guaranteed income bonds there is no liability to standard rate tax, which is assumed to have been deducted at source and is not reclaimable by non-taxpayers as is the case with Capital Bonds. They may, however, be a liability to pay high rate tax.

However unlike building societies, where the interest is grossed up for tax purposes, higher rate tax on guaranteed income bonds is calculated on the quoted (net) rate. This makes quite a difference.

On a building society account paying 12 per cent net, after deduction of composite rate tax, the taxpayer would receive the equivalent of 9.6 per cent. With a guaranteed income bond also offering 12 per cent net, the top rate tax taxpayer would receive the equivalent of 10.2 per cent.

Most guaranteed income bonds are bought by older people looking for a known, secured, return but there is a case for top rate taxpayers to consider them too. Often better rates can be obtained for larger investments and some intermediaries can be persuaded to rebate some of their commission.

Colin Jackson, of Baronsworth Holdings, Ilford, Essex, intermediaries, for example, gives back to clients half his commission which on a five-year bond increases the annual rate by 0.2 per cent. Guaranteed income bonds, which are *issued by insurance companies* utilising unused tax concessions, come under the Policyholders Protection Act. They are, therefore, a secure investment.

However, the market is highly volatile, with several companies withdrawing or suddenly lowering their rates. Some intermediaries are slow to highlight the reduction in rates, and use the higher quoted figures as a means to attract customers. Investing in guaranteed income bonds means taking a view on the trend in interest rates. Whether you are prepared to lock your money away for a period in the hope that interest rates will go down and that inflation will be under control is up to you.

GUARANTEED INCOME BONDS - 'Past Years Leading Rates for the Month of June'

	1984	1985	1986	1987	1988	1989	1990
1 year	9.0	10.5	7.75	7.5	8.0	11.3	12.00
2 years	9.0	10 0	7.25	8.0	8.0	10.4	11.25
3 years	8.75	10.0	7 1	8.2	8.0	10.25	10.9
4 years	9.0	10.0	8.0	8.0	8.8	10.0	10 50
5 years	9.5	10.0	8.0	9.2	8.5	10.0	10 50

Source: Chase De Vere Investments

FINANCE & THE FAMILY

EXPATRIATES

Jersey pensions taken to task

DO THE new-style Jersey-based pension plans represent good value for expatriates? Opinions are sharply divided. Peter Floodgate, a financial services specialist with insurance broking company Willis Faber, describes the new plans as "useless . . . a dead duck." On the other hand, J Murray Montgomery, a director of Jersey insurance brokers Shepherd & Co, says the need for such schemes for expatriates was "blisteringly obvious."

The reason for the wide difference in views stems from confusion over the tax treatment of benefits for the so-called 131c contracts. These have been available since a change in Jersey's income tax legislation at the start of this year.

First on the scene with 131c contracts were Norwich Union and Clerical Medical. General Accident and Royal Life have since entered the field and several other companies are said to have plans on the drawing board.

Investors can put money into a with-profits contract or a range of unit-linked funds. In GA's case there is an option to invest in a fund which tracks the FT-Actuaries All Share Index. However, as the number of companies offering these contracts has increased, so has the confusion over the tax position.

Bob Gaiger, Jersey's Comptroller of Income Tax, imposed conditions on their marketing: in particular, contracts should be made with a company carrying on annuity business on the island and they should not be offered to residents of the Channel Islands or the UK.

Beyond that there are few restrictions. There are no limits on contributions or benefits and no Jersey tax deductions. Some providers of these contracts have gone further by claiming that there will be no UK tax implications either.

Literature from Norwich Union and General Accident claims that benefits taken as a lump sum will be free of UK personal tax. This is not the complete picture, according to the Inland Revenue. The Revenue says it regard 131c contracts as purchased life annuities, chargeable to tax under the catch-all Schedule D Case VI of the 1988 Taxes Act. Tax is payable on the profit, which is simply calculated as the proceeds minus the premiums. Moreover, there is no relief in the form of a "tax holiday" for the time you spend outside the UK.

Mike Gordon, of the Association of International Life Offices, says any expatriate who expects to return to the UK and receive income from such policies should be made aware of the disadvantageous tax treatment.

So does this mean that Section 131c schemes are bad value? In fact they have a great deal going for them. Quite apart from access to UK with-profits pension funds, benefits can be taken at any age between 20 and 75 and there is normally no limit on contributions up to £100,000 (annual) or £1m (single payment).

For well-heeled investors who are members of Lloyd's, a 131c contract can be used to provide a guarantee of the Lloyd's deposit and personal reserve. Among the Jersey brokers specialising in this are Martin-Gray and Stanhope & Partners, both of St Helier.

According to Rodney Benjamin, of consulting actuaries Bacon and Woodrow, legislation is being drafted in Guernsey with a view to implementing similar schemes there. His best estimate is that it will be law by the end of 1990. The crucial difference between Guernsey's proposed law and the one in operation in Jersey is that Guernsey will not insist on the requirement of pensions business being channelled through a local insurance broker. Benjamin hopes Guernsey will use this distinction as a marketing weapon.

Expatriates taking out a 131c contract should be aware of the possible tax disadvantages, and not be influenced by some of the more extravagant marketing literature. That said, they are worth looking at. In particular there seems no reason why an expatriate cashing in his contract before returning to the UK should pay any tax on the lump sum received. If you leave it until after you come back, the situation is quite different and much less advantageous.

Peter Gartland

■ *Peter Gartland is Editor of The International, the FT's magazine for expatriates.*

Beware the charity tax trap

Terry Dodsworth on a new twist to covenants for giving

MANY MARRIED women who make regular gifts to charities through covenant arrangements run the risk of being caught in a tax trap under the new independent taxation regime.

The problem has arisen because of the way charities are able to arrange the repayment of basic rate income tax from the Inland Revenue on covenants given to them by taxpayers. All a covenantor has to do is to send his or her payment to a chosen charity; the charity then goes ahead and reclaims the tax assumed to have been paid on the money – the 25 per cent basic rate – directly from the tax authorities.

Under the old income tax system, replaced in April this year, it was virtually safe for charities to assume that all their covenant payments came out of taxable income. A married woman's income was treated for tax purposes as though it was her husband's income; this meant, in effect, that the husband would use up his tax allowance against his salary so that the covenant would be paid out of earnings – either his or his wife's – that had been taxed.

The advent of independent taxation, however, means that many married women will fall out of the tax net. Under the new system they will have a personal tax allowance of £3,005 a year, just like their husbands – a figure which is quite sufficient to cover the income, either from work or investments, of a number of wives. In these cases, therefore, their covenant payments will now come out of untaxed income, even though the charity to which they are giving their money will still reclaim the 25 per cent tax presumed to have been paid on the gift.

This is where the complication under the new tax system arises. Since the Inland Revenue has paid out tax which it has never collected, it is out of pocket on the claim which it has disbursed to the charity. As a result, it may demand that the bill is met by the person paying the covenant.

"The Revenue is not likely to chase small amounts of money," says Jenny Byers, deputy director of marketing at the Charities' Aid Foundation. "But it could be embarrassing for people making more substantial gifts." For example, on a £2,000 convenant paid net of the 25 per cent basic rate tax (covenants are usually arranged on a net basis) a non taxpayer would be required to fork out an additional £666.

According to Byers, some non tax-paying covenantors are already taking action to avoid these potential tax claims. One strategy is to switch the covenant to the tax-paying partner. Another is for tax-paying husbands to transfer investments into their non tax-paying spouse's name so their tax-free allowance is fully used. The covenant payment will then come out of taxed income.

The charities hope to be no worse off as a result of the change in government policy. It would be ironic if they were, given the Government's increasing reliance on charities to provide social services, and the emphasis it is now putting on tax privileges to generate additional funds for voluntary organisations.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Tax liabilities on covenants

IN JANUARY 1989 I completed four deeds of covenant, gifting £1,000 annually for 10 years to each of my four grandchildren. The deeds were submitted to two Inland Revenue offices, and accepted by them.

Excepting the first year, tax refunds have been paid promptly on eight instalments. However, requests for refunds on the January 1990 payments have received a mixed reception. One Revenue office has paid two refunds as usual. The other explained that no refund was allowable, owing to the 1988 Budget changes limiting the duration of covenants to seven years. A written explanation was promised, together with a demand for £250 on each of the 1989 gifts for the refunds granted in error. Is this correct?

■ Section 347A of the Income and Corporation Taxes Act 1988 prohibits the deduction of tax from payments due under (non-charitable) deeds of covenant executed after March 14 1988. You are therefore under a legal and irrevocable obligation to pay the full amount of £1,000 to each grandchild throughout the 10-year period. You should make up the past underpayments forthwith. Despite the fact that the covenants carry no tax advantage, you are legally bound to continue the payments (and the children's parents have no power to release you from your obligations). If you took the precaution of having the deeds drawn up by a solicitor, it is a pity that it did not (apparently) occur to you to check the prospective tax position with him.

Although the purported tax certificates which you have signed are void, the tax refunds already made to the children should not have to be handed back to the Inland Revenue, because they are protected by concession A19 (Arrears of tax arising through official error). The free booklet of extrastatutory concessions, IR1(1988), is obtainable from tax inspectors' offices.

Concession A19 acknowledges the principle that the Inland Revenue should bear the cost of any failure to provide its staff with adequate training and/or supervision, where the taxpayer (or person from whom tax is sought to be collected) has only a modest income. In fact, each of the children presumably had an income of zero for each of the years 1988-89 and 1989-90, because section 347A says that the payments under your deeds "shall not form part of the income of the person to whom (they were) made or of any other person."

Poll tax for other house

I STILL cannot get definitive advice on poll tax liability for a married couple who own two properties.

My wife and I own a house in the country on which we have a mortgage; she resides there and is on the electoral register. I also own a flat in London, where I stay for four nights a week because of my job. There is no mortgage on this property. I am on the London electoral register. There are various possibilities for our poll tax registration eg:

1. Wife in country, self in London. These are the places where we are "mainly" resident.

2. Wife in country; self in country but also "mainly" resident at London flat.

3. Wife in country, self in country; also using a flat in London (on which poll tax liability is up to double the standard rate).

■ You should seek to establish yourself as resident in London and your wife as resident in the country. The facts which you state are just sufficient to support your main residence in London.

Caught in a savings trap

I HAVE some money coming to me from my parents' estate which I am putting, in my wife's name only, into National Savings Income Bonds in order to earn a monthly income.

If this monthly income is paid into a bank current account in her name only, and then a certain amount is transferred by standing order to a building society account in both our names, either to sign, would I be liable to income tax on the gross interest from the monthly income? Or would she have to write a cheque out to transfer the money from her current account to our building society account to avoid this tax?

■ Either arrangement would be caught as an "arrangement" (and consequently a "settlement") by section 674A of the Income and Corporation Taxes Act 1988, in conjunction with section 681(4) etc. This is confirmed by paragraphs 119 to 121 on page 27 of the Inland Revenue booklet IR83, published on January 4. The solicitor acting for your parents' executors will be able to explain section 674A to you.

Purchasing a freehold

I AM THE leaseholder (93 years unexpired) of the first-floor flat of three in a converted Victorian house. The leaseholder of the second (top) floor flat has applied for planning permission for the addition of an extra floor for an artist's studio room. Are there any steps I should be taking to protect myself against, for example, any possible structural damage caused by the builders to be employed?

Although I understand the extension will actually be used as a second bedroom, what are the implications of what seems to be a change of use away from purely residential?

The freeholder has indicated his willingness to sell his freehold interest in the house. What would be the best way for the leaseholders to proceed so that a one-third portion of the freehold attaches to each flat? Would it be necessary to form a company?

■ Apart from ensuring that the owners of the top flat and their builders have adequate insurance there is nothing that you can usefully do to deflect the risk of structural damage, nor can you do anything about a potential change of use. As to purchase of the freehold, the use of a company would indeed be the most convenient means of providing a vehicle for the acquisition of that reversion.

Shared tenancy

WE ARE A father, daughter and son-in-law who share a house as joint tenants. If the father dies first, would part of the value of the house have to be added to his estate and be liable for Inheritance tax? If the tenancy was changed to a tenancy in common, the father's share reduced and the daughter's increased, would that be a transfer liable to Inheritance Tax if the father died within seven years?

■ On the death of the first joint tenant, one third of the value of the property will be included in the value of the assets of the deceased when calculating Inheritance Tax. There would be a gift constituting a Potentially Exempt Transfer if there were an assignment of part of the equitable interest of one joint owner to another joint owner (following severance). If the amount assigned were limited to £3,000 in value (or £6,000 if no previous use has been made of this exemption) there would be no need to rely on surviving seven years, as the gift would be within the annual capital gift exemption.

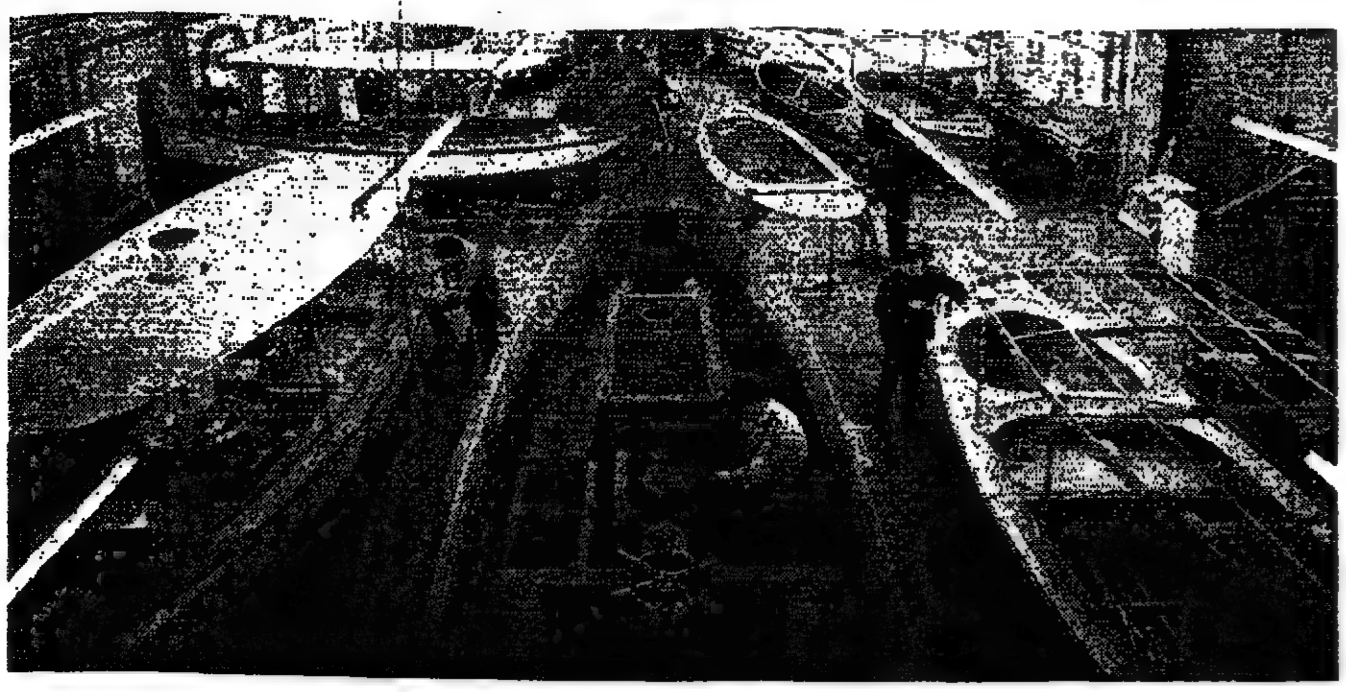
Shares sold at a loss

DO SHARES sold at a loss within 12 months to reduce the inheritance tax payable under sections 178-189 of the Inheritance Tax Act 1984 have to be sold "en bloc" by the executors within the year? Can, say, one beneficiary just sell his/her portion (and the remaining beneficiaries have their parts transferred) and still qualify for relief on this sold at at loss part? Would the resultant tax saving be part of the estate, or should it be passed on to the beneficiary whose shares had been sold?

■ What you suggest can be achieved by the executors' appropriating shares to those beneficiaries who are to receive them unsold, and selling the remainder. The sale must be effected by "the appropriate person," ie the person liable to pay the inheritance tax, if it is to qualify for relief.

MINDING YOUR OWN BUSINESS

A love of style and elegant design is doing wonders for the prices of classic cars, boats, and aeroplanes. A number of young companies are now profiting from the fashion by making replicas, and some owners are turning their hobby machines to business use by putting them to work. **Roy Hodson** reports



Edwardian elegance recreated in Rupert Latham's workshops

Steaming along – silently

MASTER CHEF Michel Roux and his wife Robyn felt that there was something missing from their restaurant, the Waterside Inn at Bray, in Berkshire. They had a river frontage, and they had a pier. But they didn't have a boat.

Michel approached the idea with reservations. He believed that boats were inevitably noisy and uncomfortable. Robyn introduced him to electric river launches, which run cleanly and silently. He proved an easy convert and is now the skipper of an Edwardian replica of a river launch, which proceeds at five to six knots in blissful silence apart from the subdued swish of water on the hull. His passengers sit under an elegant canopy, with side curtains for rainy days.

Rupert Latham, 43, who built the Roux' boat, is sole owner of The Steam and Electric Launch Company, which is established in a small factory in the village of Ludham near Great Yarmouth, Norfolk. His is an exclusive trade. Although he claims to be the world's biggest builder of electric boats, his total production of both steam and electric launches is still under one a week. They range from an electric *18-footer at £10,000 to a Frolic steam* launch, 30 ft long, at up to £60,000.

Latham is a life-long lover of boats. He studied marine engineering at Southampton, went to sea in the merchant navy, and later ran a boatyard belonging to his father.

His business began in a garage when he built himself a reproduction steam launch and realised he had a marketable product. To get started commercially seven years ago Latham invested £75,000 and borrowed an equal amount from the bank. During the first four years he concentrated upon steam launches, building in fibreglass. But he was working towards producing a practical electric boat which would be able to cruise all day on one charging of its batteries.

By 1987 he was employing eight people and showed his first electric launch at the London Boat Show. Now he is employing 14 and exporting 10 per cent of his production. The company broke even for the first time two years ago and is now in profit.

To be any use an electric launch must be able to run for several hours on one charge of mains electricity and must have *ample power to cruise at reasonable speed.* Latham uses motors developed by a British firm, Nelco of Farnham, to his specifications. They produce high torque at low revolutions and, with the refinement of electronic control, are an elegant power package running on a series of 12-volt batteries stowed under the seats.

For those without mains electricity at the mooring he can fit launches with solar panels, which can provide enough energy to charge the batteries for a trip once a week. His launches have a cruising range of about 100 miles. You need never be afraid of having to paddle home after a day on the Thames.

Gillian Nahum, 32, the company's marketing director, has made sales agency arrangements in Tokyo, Miami, Oslo, Stockholm, Amsterdam, and Zurich. She is confident that export sales of the company's production will rise quite rapidly from 10 per cent to 50 per cent.

■ *The Steam and Electric Launch Company, The Old Foundry, Norwich Road, Ludham, Great Yarmouth, NR29 5QD. Tel: 069-262-745.*

A smoother road towards life after retirement

RETIREMENT brings its problems. At somewhere between the age of 55 and 65 you are likely to pocket the statutory gold watch, clear your office drawers into a black plastic bin liner, and go home for good.

But what do you do next? The main options seem to be: to give up work for good, to work at your line for another firm for a few years longer, or to do something completely different.

There is another option, although it is rarely achieved. If you have an absorbing hobby, how about developing it into a business of your own? That can be the route to much pleasure accompanied by welcome profits. It is surprising how many hobbies do have a business opportunity buried within them.

In the case of Julia and Tony Guy, who live in the pretty village of Brightwell-cum-Sotwell, Oxfordshire, they don't even claim to have planned their putative business, which they call Travel in Style. It just drove into their lives after someone admired their 1926 vintage Rolls Royce open touring car.

Now they are near the point where Tony will retire from his full-time job at the age of 62, and the hobby, which is already starting to make money, will become their full-time business.

Tony Guy is an automobile engineer and motors have always been part of his life. He was an apprentice in the family firm, the Guy Motor Company, in Wolverhampton, which later became part of Jaguar. After 15 years service with BMW he is due to retire this year. The company's normal retiring age is 60 but he was able to arrange "to taper off" during the two extra years.

Although working for a German car manufacturer he has been helping the UK balance of payments. He worked as a purchasing consultant for the parent BMW company. His brief has been to find British component suppliers for BMW in order to offset the rising sales of its cars in the British market.

It has been an effective policy. During his time in the job the company's purchases from British companies have risen from £1m a year to £35m.

The Guy family has been perhaps a little indulgent in the last few years towards Tony's love of old and interesting machinery. He and Julia paid £25,000 for the ivory Rolls four years ago, persuading themselves it would be a wonderful car for family outings.

They already had a 1935 Guy charabanc (a 20-seater) in a garage as Tony's memento of the old family company, and a 34 ft Edwardian river launch, dating from 1911, moored on the Thames. She had cost them £10,000 and many hours of work restoring her to her original glory of bright varnishwork and stained glass saloon windows.

Within days of the ivory Rolls appearing in Brightwell-cum-Sotwell a family in the neighbourhood rang to enquire whether such a lovely car could be hired to convey a bride and groom away from church after their wedding. "She is part of the family. We call her Lady Penelope, and we had never thought of putting her to work," says Julia Guy. "But then we said, 'why not?' and agreed to take on the job."

The fame of the Rolls spread quickly by word of mouth and they took bookings for several more weddings. They charged £150 the first time Lady Penelope was put to work. Within a year she had carried away 18 happy couples. With some river cruises as well at £100 an hour the Guys earned more than £7,000.

It was at this point that Lady Penelope gained a sister. They found a 1939 Rolls Royce fixed head coupé (a saloon) with side panels and doors painted in exactly the same shade of ivory as Lady Penelope. They bought her for £30,000, reasoning that on some English summer days brides and grooms might prefer to be out of the rain. She is now called The Duchess. Tony Guy added appropriate touches of luxury inside, with wooden holders for small spirit decanters and cut glass perfume containers.

Then their river launch, Natasha, was pressed into service to transport couples away from their wedding receptions at Thames-side inns at £90 a time. Links have been forged rapidly with the inns. One of them, the Swan Diplomat at Streatley-on-Thames, has responded by providing a mooring for Natasha on its river frontage.

The Guys spent nothing on advertising in their first year. Indeed, a year later, they still have not spent anything on advertising. Meanwhile, 64 weddings in the second year together with the river cruises have earned £16,000.

They are now agreed upon the form their business must take in the future. They see their market as "offering a range of elegant forms of transport to cater for weddings, anniversaries, motor tours in the countryside, river cruising, and business and private entertaining."

As the Guys cruised the Thames in Natasha one day a lock-keeper opened up a profitable new line of business for them when he asked: "Are you going to Henley this year? There are very good charters to be arranged for the rowing regatta."

That was their entry into the world of corporate entertaining. Since then they have secured charters worth £2,000 a day to provide parties of up to 10 company executives and their guests with a day at the regatta without having to fight their way to Henley through traffic jams.

Tony Guy presses his charabanc into service for Henley outings. He drives his bus-load of merry-makers down to the river outside Henley where Natasha is waiting. Julia serves champagne, a lunch, and tea as they cruise the Henley reach.

So far the Guys have been lucky over the staffing of their enterprise. Tony Guy has the mechanical skills to maintain his fleet of two cars, a boat, and a charabanc, none of which is less than 55 years old. They found part-time drivers with the skill to handle "crash" gearboxes, and all the other foibles of veteran vehicles, within their own village. One of the drivers runs the village store and post office. The other is a free-lance decorator.

Julia and Tony Guy calculate they will be able turn over up to £30,000 a year with their fleet working a six-month season when Tony can work in the business full-time. "With the present size of our operations we can also be very flexible about what the client wants," says Tony.

Julia and Tony Guy, with drivers Kelvin Pemberton (left) and David Baldwin

They have been able to drift into their business without pain primarily because their cars and their boat, bought for pleasure, have proved to be magnificent business tools. They are also appreciating assets during the current surge in vintage and veteran vehicle prices.

But expansion to raise turnover beyond the £30,000 level will pose problems. Suitable cars or boats to increase the size of the fleet will cost at least £50,000 each. That sort of investment will introduce a big debt element of a kind that, so far, the business has not had to service. They will also need to employ full-time staff.

The Guys find that suddenly they have moved from being hobbyists to business people.

■ *Travel in Style, Moat Cottage, Brightwell-cum-Sotwell, Oxon, OX10 0RP, tel: 0491-38846.*

PERSPECTIVES

From soldiers to Royals – The Force is with them

Massive security surrounded the Parachute Regiment's 50th anniversary celebrations yesterday. Alan Pike went behind the scenes

IN NOVEMBER 1988, City of London police officers were called to a meeting and told that the Parachute Regiment planned to celebrate its 50th anniversary. There would be a service at St Paul's Cathedral, lunch at the Guildhall for an array of distinguished guests and a march through the City inspected by the Prince of Wales.

The programme might almost have been chosen for the number of security hazards it contained. When the event took place yesterday it followed months of meticulous police planning for one of the biggest security operations of the year.

The history of the past 20 years in Northern Ireland has put the Parachute Regiment high on the IRA's list of prize targets. Yesterday's celebrations were made into even more of a hazard by the presence of Tom King, Defence Secretary, and countless high-ranking military officers.

As the date of the celebration drew close it became clear that it would be taking place against the tense background of a renewed mainland bombing campaign. Any successful penetration of the security fence at a high-profile military parade in the heart of London would be a severe embarrassment. A serious penetration could be a disaster.

All that most spectators of yesterday's march saw of the security operation was the familiar sight of uniformed police officers lining the route and, perhaps, armed officers and observers on rooftops. But the work to protect the occasion began many months before.

Whenever the police are informed of an event which is a potential security hazard, specialist officers draw up a basic plan for policing it. This planning forms a large and important part of the City of London force's work. Many provincial forces might get four or five Royal visits a year. The City force has to plan and mount that many security operations for members of the Royal family, Ministers and sensitive overseas visitors in a week and sometimes in a day.

"The first thing to be decided is where any potential threat to a VIP or event is likely to come from," says Chief Supt Tim Hillier, who was in charge of the advance planning for yesterday's celebrations. "In this case it was obviously the IRA.

"Question two is: What is the threatening element capable of? The IRA is capable of just about anything. We know that they have sophisticated weapons, are able to launch rockets and can plant long-term bombs."

The only time limit on a long-term bomb is the life of its battery. This means that a device to attack the Parachute Regiment could easily have been planted this time last year, timed to explode at a precise moment during yesterday's service or lunch.

The lead-in time to a security operation, says Hillier, is crucial to its success. In the months before yesterday's event police planners were discussing precise arrangements with the organisers, negotiating as hazard-free a route for the march as possible – and ceaselessly studying intelligence reports from other police forces and elsewhere on suspect activity. In the police equivalent of conventional business meetings, decisions like the number of armed officers to be deployed were discussed and taken.

Police using sniffer dogs check in and around St Paul's Cathedral

As the countdown reached weeks rather than months, the pace quickened. Police building-survey teams began visiting every office block, shop and other building on the march route, checking for anything suspicious and ensuring that company security staff would be able to account for everyone on their premises on the day.

Throughout this week's final build-up, dog teams have been searching for explosives in buildings, car parks and gardens near the route.

The security operation was not confined to ground level. Officers have been policing the network of City sewers – intruders could enter them from miles away and make their way beneath the London streets to where the march would be passing. And, from early yesterday morning until mid-afternoon, aircraft were banned from flying over the City of London.

Hillier was on duty in the force's special incident control suite early yesterday, co-ordinating operations. He says days like yesterday do not really begin. They just carry on from the night before.

The night before had started as soon as St Paul's Cathedral closed to visitors. Army and police teams moved in to mount an intensive search for intruders and bombs.

On the minds of all the searchers was the fact that earlier on Thursday a bomb had exploded at RAF Stanmore, in north-west London – an up-to-the-moment reminder that the search of St Paul's was not an elaborate training exercise. Once the cathedral was completely searched – and, in police language, declared sterile – it had to be kept that way. A guard surrounded it throughout the night.

Similar exercises went on through the night along the march route, at the saluting base where the Prince of Wales and other VIPs would be standing, and at the Guildhall.

Flower arrangers, sidesmen, choristers and clergy arriving at the cathedral yesterday morning – and later all the 2,000 congregation – were individually checked in. Since it was a normal working day in the City the police had to ensure that they could keep the 3,000 staff who work in the Guildhall offices away from the sterile ceremonial area where the lunch would be held.

As the City began filling with office workers the number of police officers on the streets increased noticeably. Armed patrols were in position. Bomb disposal teams stood by in case of suspect cars or packages.

In the control room Hillier and his colleagues followed events in the streets around the Cathedral and Guildhall on a bank of closed circuit television screens. Other officers watched from a police helicopter overhead. The presence in the control room of fire brigade and ambulance officers provided a sobering reminder that the months of advance work had included planning what would happen if, in spite of all the precautions, the security operation suddenly became a rescue one.

One of yesterday's complications was that the Parachute Regiment celebration was not a single event, but several spanning about six hours. Once the Prince of Wales and the rest of the congregation were inside the cathedral, 1,500 paratroops and bandsmen taking part in the march began arriving and forming up near St Paul's. After the march, while guests were going through another security check as they entered the Guildhall for lunch, the marching troops were dispersing in a convoy of coaches. Guests then began leaving the Guildhall. All these overlapping segments of the event, and the locations where they took place, had to be protected throughout.

While the threat of an IRA attack was the day's main concern, it was not the only problem. Groups of peaceful demonstrators opposed to British policy in Northern Ireland might try to cause disruption. The closure of busy streets for the march was certain to produce serious traffic problems in surrounding areas.

Yesterday's was a particularly big operation, but the planning which went into it is required every time an event containing a security risk takes place. Members of Hillier's planning team are usually working on several forthcoming events at any time.

The City of London and Metropolitan police forces are among the most experienced in the world at protecting public occasions, and pride themselves on still being able to do so with relatively unobtrusive security. "But it is vital that we think about every function separately, and do not allow our experience to lead to complacency," says Hillier.

Sometimes the job calls not only for quick judgments but for cool ones. On one occasion the control room received a telephoned threat of a bomb at St Paul's just as a royal procession was approaching the cathedral. Senior officers decided they had sufficient confidence in their search teams, human and canine, to treat the call as a hoax. It was – and the person who made it was subsequently caught, convicted and imprisoned.

Bombs might drop, but business goes on

David Kynaston reflects on how the City of London coped with the outbreak of war

"A GRIM Tchekovian gloom hangs over Throgmorton St." So "Lex" of the *Financial News* evoked the City of London's downbeat mood at the beginning of September 1939. War with Hitler had been long expected, Stock Exchange prices had been marked down accordingly, and this time no-one expected peace by Christmas.

Evacuation from bomb-threatened London was the immediate order of the day, as wealthy City partners now made good use of their liberal supply of country houses to accommodate members of staff engaged in routine work. Morgan Grenfell went to Haresfoot, near Berkhamsted in Hertfordshire; Hambros to The Hyde near Luton; and Rowe & Pitman to Mount Clare at Roehampton in Surrey.

It even seemed that the Stock Exchange itself was going to try the country air. During the summer of 1939 it had obtained an option on a lease of the Denham film studios in Buckinghamshire; and by that autumn, the Stock Exchange Committee was seriously considering a transfer there of the floor of the House, together with attendant administrative departments. The plan, however, was effectively scuppered by the obdurate attitude of the gilt-edged market, which made clear that it would rather perish than be separated from the Bank of England (definitely not moving).

The outbreak of war severely curtailed the City's activities. All Stock Exchange bargains had to be done for cash, with no "carrying over" from one fortnightly account to another; new issues required Treasury sanction; and the mainstream acceptance business of the merchant banks virtually dried up. Brendan Bracken wrote eloquently enough in November: "The City is depressing beyond description. I go there for about an hour a day and I depart feeling like Job in the depth of his woes."

The Luftwaffe reduced to a bomb site about a third of the City's 675 acres

But for the equity market this was the lull before the storm. The *Financial News* 30 share index (which had begun in July 1935 at 100 and like "Lex" was later taken over by the *FT*) stood on April 8 1940 at 77.6, fractionally higher than on the Stock Exchange's last day of peace. Then came the invasion of Norway, the announcement of 100 per cent Excess Profits Tax, and above all, the fall of France, against which equities, unlike gilts, were unprotected by any system of minimum prices.

By June 24, a Monday, the Index had plunged to 50.4, with "Lex" explaining that: "The Stock Exchange, frankly, did not like either the French Armistice terms or their implications." However, as he continued with commendable courage as well as prescience: "The equity shareholder's day will come, when Britain has reexerted her control of European history."

Tuesday saw the Index holding relatively steady at 50.3, helped by a late rally on the strength of Winston Churchill's impending speech. But even he failed to rally spirits; and on Wednesday the 26th, amid ill-founded rumours of Stock Exchange closure or at the least a suspension of dealings in industrial securities, the Index for the only time in its life dipped below the half-century mark to finish at 49.4.

Meeting its shareholders that same dog-day afternoon was the Globe Telegraph and Trust Company, with the octogenarian Earl of Midleton in the chair. His reported remarks may have been somewhat platitudinous ("The year had been a very difficult and anxious one, and at the moment there was no cheerful prospect ahead"), but none could deny the historical perspective he brought to bear; for as St. John Brodrick he had been Financial Secretary to the War Office back in the 1880s. And he added in words that the present chairman of Globe might echo: "With the world in its present state it was impossible to make any forecast of the future prospects."

In fact it was the investment trust which in 1940 took advantage of one of the outstanding purchasing opportunities of the century, leading the equity buy that took the Index up to 51.4 on the 27th and 53.3 on the 28th. By the end of September, with the Battle of Britain won, it had climbed to 63.5 and by Christmas Eve to 70.1, further helped by the Government's belated introduction of a Bill providing companies with compensation in the event of air damage. Trading remained thin, but the great wartime bull market was under way.

Soon the City itself knew all about air damage. Just after Christmas the enemy destroyed the Guildhall and eight of Wren's churches; a fortnight later a bomb on Bank Underground station killed more than 50 people, causing a vast crater in front of the Royal Exchange that for almost a year could only be traversed by a Bailey Bridge. And on May 10 1941 there took place what Churchill later described as "the most destructive attack of the whole night Blitz," killing almost 1,500 and leaving whole areas of the Square Mile in ruins. Thereafter the raids eased, but altogether the Luftwaffe reduced to a bomb site about a third of the City's 675 acres; subsequent rebuilding would become not just a planner's whim but an urgent necessity.

Life of course went on, though often under severely disrupted conditions. Travel to and from work was frequently difficult, involving much walking and hitching; while once in the office there was compulsory fire watching on at least one or two nights of the week. This brought together all members of City firms and helped break down some of the rigid hierarchical barriers. Also of social moment was the increasing employment of women, for instance at Union Discount – for the first time. Indeed, one stockbroking firm even had the temerity to request, as a temporary war measure, the admission of a woman to the Stock Exchange's settling room. However, by 17 votes to eight, the committee decided against.

Bomb damage at the Royal Exchange

Meanwhile, with high taxation causing a demand for higher yields than those offered by gilts, the equity market prospered; though in June 1941 it only dimly recognised what was the turning point of the war. According to "Lex," Stock Exchange members on June 23 "spent the morning endeavouring to make up their minds whether the German aggression against Russia was a bull or a bear." Eventually it was "concluded that whatever happened we could hardly be worse off as a result of Hitler's latest somersault."

In 1943 the Index crossed the 100 mark, in 1944 Hargreaves Parkinson of the *Financial News* published his influential treatise on "Ordinary Shares" that anticipated the post-war "Cult of the Equity," and increasingly the emphasis was on identifying what were known as "recovery stocks," those with good prospects in peace.

When the European War at last ended on May 7 that year, the 30-share index had reached 116.0, representing a remarkable recovery in real as well as nominal terms. The City celebrated in style – "Dancing in the Banks" was the *FT*'s headline after VE Day – while a packed Stock Exchange held a thanksgiving service.

Games without frontiers: a college comes of age

Back to School: Lucia van der Post is deeply moved by a return to her South African roots

DURBAN GIRLS' College, sitting serenely in its white-washed colonial amplitude on Durban's Musgrave Road, looks much as it has always looked. A little larger since my day, with a new block or two filling in the front path where we used to eat our sandwiches, but the sun still shines, the dents in the stairs are still there, the bottle green uniforms and the panama hats spilling out of the cars and buses in the morning look substantially the same.

Only someone born in South Africa, with the finely tuned antennae in such matters that the country breeds, would notice the difference immediately – spilling out of the cars and buses are girls of every hue and colour. And only someone born in South Africa would find it a matter of such import, a sight to move one to tears.

If you ask me exactly how many of the girls are black, I cannot say. Gwen Williams, the headmistress, refuses to count. "I left teaching in the state system and joined the private system because I got so tired of having to say no. They are all just children and that is all that matters to any of us. We are obliged to give statistics on the matter to the Government but I make somebody else do the head count."

In my day, more than 30 years ago, Durban Girls' College had been a singularly happy school, a nice, ladylike school – but an all-white school. It could not, then, have been otherwise and we never questioned it. That was how things were. I grew up in a South Africa where I never knew anybody black. It wasn't that I didn't want to; I, none of us, knew how.

We used to gaze at each other across the great divide – with huge longing and intense curiosity. Books such as *Cry, The Beloved Country* had us weeping as we read them and yearning to do something. But what? All we could do was to bring an unnatural, aching kind of politeness to our dealings. Even when I got to university and there was a real black man in our class, the divide of culture, living conditions, language, defeated us – we tried, all of us, perhaps not enough or in the right way, but we did try. To this day I can remember how lonely he looked.

In our little world of school we weren't just insulated from any contact with what I saw as the dark, mysterious world of black culture. We were also curiously unprescient about the world to come. Most of the girls (though not I) came from a homogenous and privileged circle, whose fathers did business together, whose mothers played bridge and bowls and tennis together, who did the fetching and carrying and planned the parties and picnics. It was as if we lived out those sun-filled days sheltered from most of the nastinesses of life.

The occasional tragedy would cross our path. A girl would leave because her father had died and the fees could no longer be found. Somebody else left one term and never reappeared because her parents divorced (years later she told me she didn't dare mention it at school because she thought her best friend would no longer be allowed to be her best friend) and her mother took her to England.

As for teaching, it too was teaching for a happy never-never land, a land where we would all get married and live happily ever after. Many of us would go on to university, but few left with any sense that a lifetime's professional work lay ahead. Education, culture, learning were much valued – but for their own sake. Unspoken, tacitly accepted, was the notion that one's intellectual worth could be proved by working for a few years before marriage. There seemed no sense of urgency about earning a living.

Lunchtime break at Durban Girls' College

The only subject that I remember being taught with academic rigour was Latin, to which the imposing Barbara Bristowe brought a commanding Girtonian authority. To us she seemed to come trailing clouds of exotic academic glory. The notion that I, too, would go to Cambridge seemed about as likely as having a proper conversation with a Zulu. But her inspirational touch with Catullus' love poetry was not enough. I, who had nurtured hopes of studying medicine, found that when the moment came botany and maths – the only sciences the school could muster – were not enough. Physics and chemistry, it seemed, should be on offer, too.

The notion that white children might be taught an African language was still too curious to be contemplated. Languages were restricted to French *or* Latin, English and Afrikaans. I stumbled reluctantly through the compulsory Afrikaans syllabus. Today I can find it in my heart to feel sorry for Rita Wichura, the Afrikaans teacher. "Your name is van der Post," she would hiss, "and you don't speak Afrikaans?" "Well, you see," I would try to explain, "I've been living in the Cape and my mother is English and my father's away." But it didn't cut much ice. I was a disappointment.

And yet my classmates were an able lot, although few have earned a living. Today they are pillars of society. They are on the boards of governors of schools, they are active in the welfare programmes, they have lived decent, honourable lives. One has stood as a member of parliament for the Progressive Party, another runs feeding and educational programmes for African children in Zululand, yet another helped her husband run a plantation in Malaya for 20 years and now helps run an trading store on the Transkei border.

At the college much has changed. Black, white, Indian, Chinese – glittering careers in medicine, law, commerce, business, education, are high on the agenda. Marriage, of course, one day ... but later. There is more chat in the corridors, less terror of the staff, but physics, chemistry, French *and* Latin *and* Zulu are all on the syllabus. The library that started as a locked corner cupboard with 23 volumes of fiction now has 13,000 books and is constantly manned.

I happened to visit the school at a poignant moment in South Africa's history. Just weeks before President de Klerk had made his momentous speech in Parliament announcing "the end of apartheid."

Every South African will remember until their dying day where they were when they heard the news. The girls of Durban Girls' College were at school and Cynthia Impathi, a black inspector of education, was addressing the senior girls when the headmistress came rushing in. Pandemonium broke out, with girls bursting into tears of happiness and hugging each other with delight and disbelief. Impathi, it seems, for all that she moves in liberated, educated circles, could scarcely believe that such a declaration could be received with such uncontained joy by a group of predominantly white, privileged girls.

South African private schools were allowed to accept pupils of all races in 1977 and since then there has been a slow but steady influx to the college. Most of the black and Indian children come to the school because of their parents' dissatisfaction with the inferior education on offer in their own schools. ("We had eight English teachers in one year and no Maths teacher for a term," says Lohini Moodly, who is Dux of her year, of her Indian school. Her father is an insurance consultant and her mother a pharmacist. "Here," she says, "we have smaller classes and we are taught differently.")

They are mostly from very privileged backgrounds. The fees (about £1,000 a year in the junior school, £1,300 in the senior) are kept as low as possible but for any ordinary black family are quite out of the question. "Our major problem is that the place is falling down," says Gwen Williams. "The bricks are crumbling, but rather that than we price some of these children out of the school." One girl is the daughter of KwaZulu's Minister of Education, another's father is a public presecutor, yet another (of Indian origin) has parents who both work as pharmacists. Another, however, is the daughter of the woman who works in the school canteen. For all of them education is high on their list of priorities and any sacrifice is worthwhile.

The girls themselves look happy and well-adjusted. Some admit they were apprehensive before they came and that they had to struggle a little at first. Now, they *are* very happy there. They feel no sense of discrimination, but they can't always mix socially after school because they have to live in different areas (South Africa's Group Areas Act is crumbling but not yet abolished) and it often would not be advisable for white friends to visit them.

In times of troubles in the township some of the girls stay overnight with white friends in safe areas. Others regularly have to leave home in scruffy dress and change into the distinctive green and white dress and panama hat when they get to school.

I could see no evidence that the arrival of Zulu, Indian, Chinese and coloured girls at the school had been welcomed with anything other than overwhelming joy. "Do you have any idea," asked one of the (white) girls, "of what it feels like always to feel guilty? To live with it day and night and to see no end to it?" (Yes, I do, I do.)

The changes have not, however, been without complications. "In the Zulu culture," said one of the teachers, "children are traditionally taught to be subservient and very obedient. We try to teach them to be articulate and self-confident and sometimes this creates conflicts at home. Teachers say that when they first arrive it's almost impossible to get them to ask questions, but as they go through school they usually blossom. But sometimes when the girl behaves in a similarly questioning way at home and challenges her parents it takes them by surprise."

As I left the school it was the lunch-time break. In the grounds black and white, Indian and Chinese, were scattered under the trees in mixed and disparate groups, playing the kind of games and making the kind of noise that schoolgirls make all over the world. A simple sight. Commonplace perhaps; but for a South African moving beyond imagining.

Durban Girls' College has nurtured no Nobel prize-winners, no Dames at Oxford Colleges. We have no famous authors, no world-renowned names, no movers and shakers on the international stage, though somewhere, they tell me, there is a High Court judge. But it was – it *is* – a happy school. In my book that's not half bad.

HOW TO SPEND IT

Fine art without the angst

***Lucia van der Post** on personal portraits and glassware with an added gift*

IF YOU HAVE ever toyed with the idea of commissioning a portrait – whether of your nearest and dearest, your children, your dog or your house – you will have some idea of the uncertainty that surrounds the matter. There you are, embarking on something likely to set you back several thousand pounds, and what on earth do you do if you don't like the end result, if what you get is stark realism when you had hoped for a little gentle romanticism?

Harley Art Brokers are commissioning consultants whose stated aim is to prevent exactly this kind of let-down. They specialise in and take the anxiety out of commissioning portraits and other works of art. They believe that portrait painting is part of a long and glorious tradition which started with Van Dyck's move to London in 1632 and carried right on through Lely, Reynolds, Gainsborough, Lawrence and on to people like Sargent, Morgan Malin, Coldstream and others.

Jonathan Coe, who started the service, emphasises that he is working on behalf of the client or customer, not the artist, and the artists on his books have all been chosen after a long process of selection. He has some 35 portrait painters, most established and therefore not cheap, but he also has youngish artists just starting out who are less expensive.

Anybody wanting a portrait painted can go to him or he can come to them, visiting them in their home at a convenient time. A short list would then be produced and from that the final artist chosen.

Prices range from about £500 to £30,000 but as a rough guide the average price for a good quality oil is £2,500 and just a head could be painted for between £1,000 and £1,800. Prices depend on the size of the painting, its complexity, composition and whether it is done in oil, tempera, acrylic, watercolour, pastel, charcoal or pencil.

Portraits of people are one thing but besotted owners often want to commission paintings of dogs, horses, houses or other dearly beloved possessions. Jonathan Coe can find appropriate artists to cope with any of these subjects. Anybody wanting a portrait or a landscape, a bronze, a mural or a statue should get in touch with Jonathan Coe at Harley Art Brokers, 13 Overstrand Mansions, Prince of Wales Drive, London SW11 4HA. Telephone: 071-622-7800.

"A Lady in White" and "The Directors' Lunch," both commissioned through Harley Art Brokers

Glasses with extra taste

FOR MOST of us, buying wine glasses usually revolves around matters of aesthetics. Family rows can develop over the question of cut-glass or plain, slim or chunky, antique or modern, but few of us spend much time wondering how the wine is likely to *taste* in the glass. The notion that a delicious wine might taste very different in different glasses is not one that most of us have addressed.

George Riedel, scion and current head of the Riedel family, which has been producing hand-made crystal for well over 200 years, is trying to put this right. His company has more or less staked its commercial life on the notion that the shape of a glass materially affects the taste of the wine you pour in it.

His father, Claus-Josef, first developed this notion in the 1950s when he produced a range of simple, long-stemmed glasses for wine, some of which are on permanent display in the Corning Museum in New York as "the most beautiful glass in the world." Since then he has gone on to develop the Sommelier range, launched in 1974, which is probably the best material expression of his theories. Hand-made from fine lead crystal, the glasses are slim, elegant and of an almost monastic simplicity, entirely bereft of any ornamentation.

The final shapes were arrived at only after a great deal of scientific investigation into all the myriad aspects that go into the tasting of wine.

Different wines clearly have different characteristics, and the tongue also has several taste zones. The tip of the tongue is sensitive to sweetness, the back to bitterness and the sides to salty and sour tastes. The Riedel theory, therefore, is that the shape of the glass will direct the wine to different taste zones, and that lovers of wine should use the glass that will direct the wine to the taste zone that is most appropriate to a given wine.

For instance a young, light wine, say a Riesling, with its fresh acidity, should have a glass with a slightly-curved lip to direct the wine to where the taste buds are sensitive to sweetness – this will balance the acidity. With a Chardonnay, on the other hand, the Riedel theory says that a glass *should* direct the wine to the centre of the tongue, and a good-sized glass should be used to allow the fine aroma to develop.

If you find this theory a little too . . . perhaps finicky . . . I can only say that this week I went to a tasting using Riedel glasses and other glasses to drink the same wine and was astonished at the difference. A fine Burgundy tasted wonderful in the beautiful Burgundy Grand Cru glass, the heady Pinot Noir bouquet rising beautifully, but it seemed quite ordinary out of two other glasses.

The hand-made Sommelier range sells at £33.50 each for Bordeaux and Burgundy Grand Cru; £22.50 each for Bordeaux and Chianti Classico; £21 for the young white wine (Riesling) glass and £23.50 for the vintage champagne. Vinum is the machine-made, less expensive range, very similarly shaped but slightly smaller (and there is no Burgundy or Bordeau Grand Cru) and they sell at £10.50 for the Bordeaux/Cabernet Sauvignon glass and £8.50 for all the rest, including the champagne glass.

Stockists include Harrods of Knightsbridge, London SW1; Peter Jones, Sloane Square, London SW1; The General *Trading Company, 144 Sloane* Street, London SW1; Thomas Goode & Son, 19 Audley Street, London W1; Liberty's Regent Street, London W1; and Lay & Wheeler, 6 Culver Street West, Colchester, Essex (mail order).

CHESS

THE EXPANSION of international chess tournaments and the flow of new moves and strategies in book openings means that any serious competitor requires an up-to-date reference source. ChessBase and other computer systems are growing in popularity, but many players still prefer traditional books and magazines.

Among the much-thumbed volumes which grandmasters consult before their events, the world leader is the Yugoslav six-monthly periodical *Chess Informant*, priced at around £15 and containing some 800 games per issue, arranged by openings and with language-less symbol comments by leading experts. *Informant* has been published regularly since the late 1960s and maintains a high standard. Its one disadvantage is that a time lag of several months before games are published means that its latest conclusions may be outdated by recent innovations of the previous few weeks or months.

An interesting British alternative is the journal *Tournament Chess*, now in its 36th issue and edited by IM Bob Wade. This contains every game – boring draws and marathon endgames included – from the strongest events. Its new edition, just published, has the complete record of events from the US championship in late 1989 to the Reykjavik team event in spring 1990 where England scored a historic first-ever victory over the mighty Russians.

Tournament Chess totals nearly 700 games, and its completeness reveals the sometimes painful disappointments of play at world level. At Linares 1990 Nigel Short, the UK No. 1, defended a marathon queen ending against Valery Salov of the USSR for the best part of the week, only to go down after 162 moves when Salov avoided his final stalemate trap. It was one of the longest games ever between top GMs. Just a few weeks later at Reykjavik, Short had a similar war of endurance against Simen Agdestein of Norway, and this time had the bad luck to fall into one of the rare lost versions of rook against rook and bishop. Another 80 moves to add to the Salov game, and nothing to show for hours of hard work.

Tournament Chess (£11.95 post free from Lower Ground Floor, 51 Eardley Crescent, London SW5 9JT) has an opening survey by Les Blackstock which concentrates on popular systems and has some interesting disclosures. The lively Dilworth variation of the Ruy Lopez, invented by the Cheshire amateur some 50 years ago, has been taken up by the world semi-finalist Artur Yusupov and appears to give Black a fully equal game. In the Nimzo-Indian Defence 1 d4 Nf6 2 c4 e6 3 Nc3 Bb4 White's most popular fourth move used to be 4 e3, but in the last six months or so this has been usurped by 4 Qc2 and 4 f3. Anatoly Karpov's favourite 12 Bxf7+ against the Grünfeld Defence, which he has tested several times against world champion Gary Kasparov, continues to be *debated and still has no clear assessment.*

Faced with so much material, this writer's first instinct is to sidetrack Short's marathons and the dour Karpov v. Timman match games, and to go straight to the index and look up the Polgar sisters. Sure enough they are all there, competing in the master tournament at Wijk aan Zee in Holland. Judit, 14, the youngest and most brilliant Polgar, won an artistic game (published in the *Weekend FT* on February 10) but was otherwise, by her standards, a little subdued. The family still produced some of the most entertaining chess at Wijk, as in this miniature by 16-year-old Zsofia.

White: Zsofia Polgar (Hungary).

Black: Loek van Wely (*Netherlands*).

Pirc Defence (Wijk aan Zee 1990).

1 e4 d6 2 d4 Nf6 3 Nc3 g6 4 f4 Bg7 5 Nf3 c5 6 dxc5 Qa5 7 Bd3 Qxc5 8 Qe2 O-O 9 Be3 Qa5 10 h3?

This is a well-known book variation where 10 O-O Bg4 gives a level game but where the Polgars have introduced the idea of an immediate K-side pawn storm.

10 ... e5 11 O-O-O Nh5?!

Playing to win material is a risky plan with Black behind in development. I prefer 11 ... Nc6 12 g4 exf4 13 Bxf4 Be6.

12 f5! Ng3 13 Qe1 Nxh1 14 g4!

The point; Black's knight cannot escape so White goes straight for attack on the king.

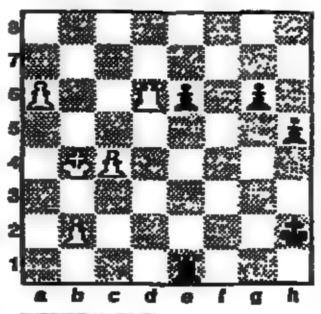
14 ... gxf5?

Opening a file for White's rook is near fatal. Black should *still* try Nc6.

15 gxf5 Qd8 16 Bc4 Kh8 17 Ng5 Bh6 18 Qh4 Bxg5 19 Bxg5 f6 20 Bh6 Nd7 21 Rg1! Qe7 22 Qg4 Resigns. Black's knight remains alive in the white camp right to the end, but he has no defence to Qg8+ or Bg7+.

PROBLEM No. 827

BLACK 5 MEN



WHITE 5 MEN

S. Makarichev v. V. Tukmakov, Palma de Mallorca 1989. This type of endgame, where both sides have *fast running passed* pawns, can be hard to calculate and there is the temptation to duck out of the race. Here White (to move) can go 1 a7 Ra1 2 Rxe6 Rxa7 3 Rxg6 but Black still has drawing chances by 3 ... h4. Can you find a better plan for White?

Solution Page XXIII

Leonard Barden

Alan Harper

A focus on simplicity . . .

Glyn Genin, FT pictures editor, gives a guide to the best in user-friendly cameras

PHOTOGRAPHY HAS come a long way since George Eastman invented the first Kodak camera in 1888, making picture-taking "easy, for the amateur like myself." Kodak's Box Brownie, which used to take family snapshots for close on 70 years, no longer exists. Eastman would certainly approve, however, of the bewildering array of 35mm "point and shoot" cameras available today, which can take very good pictures and can easily be used by people who don't want to take photography too seriously.

The simplest and cheapest form is the fixed-focus camera, designed to take pictures in focus from about five feet away to the horizon. They range in price from £15 to around £60. Among the best are the Kodak S300MD for about £45, and the Yashica Motor-J at around £50. Both have built-in flash, power film wind and rewind and are easy to load. Provided the film you use *is DX coded – the cassette will have a bar code,* like foodstuffs in a supermarket – the Yashica will set the film speed for you as well. Kodak's Brazilian-made S300MD comes with a comprehensive five-year guarantee.

Autofocus cameras, which focus automatically down to about three feet, usually using an infra-red beam reflected off the subject, start at around £100 and go up to about £250. Set yourself a cash limit and check what's available within it. With cameras, high performance and high quality does not necessarily go hand-in-hand with high price.

More than 30 versions are currently available. Most have DX coding, which automatically sets the film speed, easy loading, power film advance and rewind, and built-in flash which comes on automatically when the available light is poor. Many have zoom lenses which allow you to vary the size of your subject without changing your own position.

The Nikon RF2 Fun Touch is a simple, foolproof autofocus which offers good results at under £100. At around £140, the RF2 gives top-grade results and is excellent value. The higher-priced Nikon TW20 has a wide-angle as well as a standard lens built in, and can focus down to two feet. Nikon's TW Zoom camera is an excellent performer too. The zoom lens covers wide-angle landscapes through to close-up portraits, and a zoom control shoots a three-picture sequence at wide-angle, standard, and telephoto lens settings. Expect to pay about £200.

Canon, whose Sureshot was a pioneer in the autofocus market, sells a range of keenly-priced compacts. The fairly basic Sureshot Ace (£130), higher specification Sureshot Supreme (£150), and Sureshot Zoom XL (£200) are all good buys.

The Minolta AF Tele Super (£160) has two focal lengths, 35mm wide-angle and 80mm short telephoto, and a feature which allows the photographer to compensate for back-lit subjects. It is a solid, no-nonsense camera, if a little dated.

Leica, perhaps surprisingly, also makes a dual-focal length autofocus compact, way down market from the classic and collectable rangefinder cameras for which the company is justifiably famous. Priced at £80 more than the Minolta, and with a similar specification, it is an expensive way of acquiring a little red and white Leica badge. But if Gucci, Vuitton and other designer labels are part of your lifestyle, the Leica AF-C1 might be for you.

Whatever your choice – and you will certainly get better results by spending a little more on buying an autofocus rather than a fixed-focus camera – check the photographic press for the keenest prices. The weekly *Amateur Photographer magazine* is full of camera shop ads. And before you buy, do try and handle and compare cameras of similar specification within your price range.

. . . and the best of later developments

FILM processing and printing can be a problem for the amateur photographer. Low-cost colour laboratories work on very slim profit margins, but the tens of millions of casual snapshots they handle each year are *often* a valuable, and very personal, record. If damage should occur, such value cannot be replaced by just a "free" film and a refund.

Bargain-basement mail order offers need to be treated *with a fair amount of caution.* If you are dissatisfied with the results, do you really want the bother of a frustrating and time-consuming exchange of letters?

Typically, a mail order lab will charge around £10 for processing a 36-exposure film and making 7" by 5" prints – often known as "Jumbo" or "Super" size. Standard 6" by 4" prints should cost about £6. Add to this the cost of postage, and always send film Recorded Delivery. A high-volume processor will often develop and print film on the day it's received, but you'll need to allow for for weekends and the *vagaries of the Post Office* before your pictures return.

High Street camera dealers, supermarkets, newsagents, and chemists will also send developing and printing work away to processing laboratories such as Kodak, or, in the case of Boots and other large chains, to their own, wholly-owned labs. Courier pick-up and delivery makes the time at which your work is returned more predictable, and if things do go wrong at least there is a face to complain to. Prices will probably be slightly higher than mail order.

Mini-labs, which offer on-the-spot developing and printing *with fast turn-round times,* have become popular in recent years. Many will offer one-hour processing; most will complete the job in less than three. Re-orders for popular-sized prints will probably be completed the same day. However, enlargements and any other special work will probably not be done on the premises and will take three to five working days.

Like a restaurant where you can see through to the kitchen, the mini-lab concept shows you "the works." If it looks right, it probably is right. Prices vary, but will usually *be comparable with a camera* store or chemist.

Whether you choose mail-order, High Street retailer or mini-lab, it's worth remembering that both Kodak and Fuji run regular quality control *checks on businesses which* use their paper and chemistry. Many advertise this fact prominently. If they don't, ask.

Incidentally, if you prefer to take pictures in black and white (very much in vogue at the moment), mini-labs can process Ilford's excellent XP1 film using the same process as for colour prints – although the prints they produce often have a sepia cast to them.

Laboratories which cater mainly for professional photographers are a further option for developing and printing, and should certainly be considered for any enlargements that are especially important. London, of course, *is particularly well provided* with full-service professional labs., but they can be found in most towns and cities outside the capital.

Sky Photographic (071-434-0828), has four *branches in the City, West* End, and East London. The Cannon Street branch offers colour print film processing at £1.60 for any size 35mm film, and 20 pence for a 6" by 4" machine print, with three-hour service. All branches can handle anything from computer graphics to black and white printing – a top quality, hand-made 10" by 8" colour print costs around £7.

GARDENING

Frond of ferns? Choose British

Arthur Hellyer staunchly supports the uniqueness of native plants

THE VICTORIANS were not greatly worried about conservation, since it had not occurred to them that nature was at risk. Primarily, they were collectors and recorders. They liked to possess beautiful plants in their gardens and glasshouses, or, if there was not room for them there, they would keep fern fronds pressed between paper and stored in cabinets.

As a lad, I worked for a professional gardener, who had amassed a large collection of such pressed native ferns collected in West Country lanes, where he searched for those with unusual frond patterns. He had also perfected a method of printing directly on to paper from the live fronds which enabled him to reproduce any form as many times as he wished, although whether he had found any practical use for this I do not know. It was the achievement and the possession that mattered.

Some years later, I worked for A.J. Macself, the gardening writer and editor, who had joined the British Pteridological Society – a group formed by botanists, gardeners and others on September 23 1891 for those interested in wild ferns – in its early days. He went annually to the flower show at Southport, Merseyside, to judge the many classes for ferns organised by the BPS. One of his co-judges was his friend, Robert Bolton, the sweetpea grower and exhibitor, who was also a fern fancier, *ferns being his hobby and sweetpeas his* trade. Both men cultivated considerable collections of hardy ferns in their own gardens and a smaller number of tender kinds in their greenhouses.

In those days it was the hardy British ferns that were first favourites with the fanciers. They searched for natural variations in the lanes, just as my old gardener friend had done, and they also raised thousands of ferns from spores, quite an easy thing to do, and looked among the sporelings for interesting variations in the character of the fronds and the habit of growth of the plants.

Today, it is foreign ferns for indoor decoration that hold centre stage. I do not think that gardeners in general are much aware of hardy ferns, except for a few favourite kinds, such as the Royal Fern (osmunda), so admirable for wet places, the Ostrich Feather Fern (metteucia), which is naturalised but not native and can make fine shuttlecocks of fronds up to five feet high, and probably the Male Fern (dryopteris), which is the one most likely to enter the garden uninvited and be allowed to stay, although without much curiosity.

Yet, for once, in a way it is we in the British Isles who have the pick of the bunch if we only like to make use of it, and that is what members of the BPS have been saying for just on a century. By the early 1920s, they had described and named more than 1,000 varieties of native ferns. Numbers continued to grow although many were lost during and after the Second World War. My guess is that ferns are now mounting in numbers again, thanks to the widespread increase in interest in plants and the ease with which many ferns can be grown.

British ferns, or at any rate some species of them, seem to possess an unusual ability to produce minor variations, the kind that are of little or no importance to botanists but can be very interesting to gardeners. One of the great presidents of the BPS, Charles T. Druery, drew attention to this in *The Book of British Ferns*, which he wrote early this century.

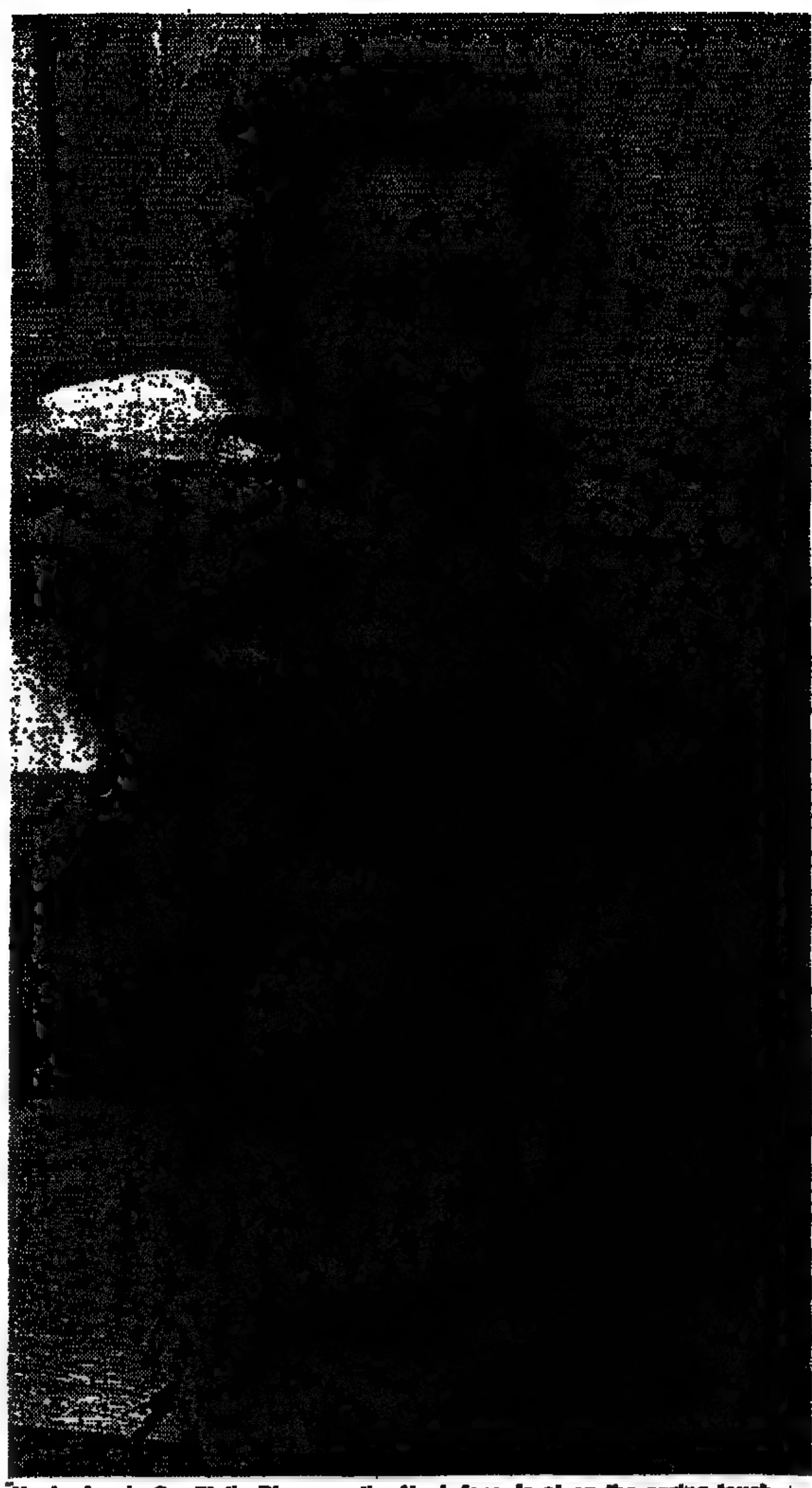
"It is really astonishing," he said, "how few people . . . are aware that in our British ferns and their varieties we have something absolutely unique in the world." Maybe the uniqueness was partly in the eyes of the beholders sharpened to spot the smallest deviations in frond pattern, the multiplication of the leaflets, or pinnules, any change in their colour, and the development of crests and unusual forms of growth.

The keenness of eye is still there, and, although hardy ferns are probably not quite as easy to buy now as they were in the early years of the century they are still on view at almost every Royal Horticultural Society show, and also at a good many provincial shows. A good selection of them is to be found in the pages of *The Plant Finder*.

Few plants are better suited by nature for the requirements of small gardens today. Ferns do not require much space, nor a lot of light. Some are evergreen and all are pleasant to look at for a long period each year. Most are unfussy about soil, but they will probably grow all the better if leaf mould can be collected and dug in before planting and spread as a top dressing in subsequent years. Coarse peat will do as a substitute.

Above all, although the unmodified species can be appreciated in the mass, the selected variations need to be studied close up. They are just the plants to have growing close to the barbecue or the sitting-out place, where one is likely to rest and brood. Here, one can watch them unfold in spring and die down in autumn, if that is their habit, or one can enjoy the winter green, if the leaves are persistent, as in the Heartstongue fern, and both the Soft and Hard Shield ferns. In grimy places, such ferns can be avoided, because they get dirty, but even these kinds get themselves entirely new clothing each spring.

■ *Anyone seeking more information about the activities of the British Pteridological Society should write to A.R. Busby, BPS Secretary, Croziers, 16 Kirby Corner Road, Canley, Coventry CV4 8GP. Tel: 0203-715690.*



Nephrolepsis Cordifolia Plumosa, the Neph fern, is given the caring touch

Days of rain and roses

Robin Lane Fox on the merits of Bobby James and good manure

AT LAST, the rain has rescued us: the past 11 weeks have been miserable for anyone with newly-planted flower beds. It smells like gardening and I have been sporting in the earth, pulling weeds with pleasure and finding that at last, they come cleanly out of the ground.

Wetted and revived, we are in the middle of the rose season. These are not weeks to waste and in order to make the most of them, remember to look upwards as well as sideways.

Some of the best sights are on walls and outbuildings; the yellow-flowered Banksias were flat out in London during April; black spot disease has been mysteriously absent in the dry weather; now it is the time of the classic climbers whose timing has not been dislocated by the hot weather.

This week, some of my favourites are at their best. Five years ago, many of you wrote to tell me that the best climbing red rose was Etoile de Holland. I have now observed it on an east wall through a hot season and can agree that its colour does not turn purple and it also does not hang its head in the heat.

The readers are right, as usual: this rose really is the wise gardener's first choice in this colour bracket. I would add that I do not think the columnist is altogether wrong, either. For some while, I have been hinting at the charm of the flat, fully-petalled blush white climber called Sombrull which almost every one seems to have forgotten. It is sold by David Austin, of Albrighton, Wolverhampton, and on my east-facing wall it is a mass of flowers and buds. I have not over-pruned it and it is showing its general friendliness to its owner by looking into the dining-room window with its best heads of flower.

On a grander scale, mid-June is the time when we all want to see white roses cascading in the evening light. People think naturally of Rose Kiftsgate which is much too vigorous or The Garland which is smaller-flowered and not so impressive. I think fondly of an old friend called Rambling Rector which is a deserving candidate for the vacant archbishopric: it is vigorous, prickly and smothers the opposition while delighting its admirers with bunches of tightly-formed flowers. However, it has one conspicuous weakness: it is not certain to survive a severe winter. In its absence, I would emphasise the best alternative, Bobby James.

Bobby James is not perfect. Its white flowers are semi-double; individually the shape is not special; there is not much scent and it only flowers once. However, it has some signal merits. It cascades in a romantic way. It will go mad in open, semi-shade; it likes eyesores, car ports, incongruous extensions and all the other villains of right-minded gardeners.

How can I be so sure? Well, I used to grow it on to a rusty tin roof and I have just seen it at its best on the back end of a house in north London. Here, it is fulfilling a part which is everyone's problem. The back wall of the house had a window in it so that any climber would have to be trained around either side of the frame and then show enough strength to run wild on the roof above.

Bobby James does the trick. From two main stems, trained either side of the window, it develops into a thick layer of branches which will cover the entire roof and side walls of a hum-drum extension. It looks romantic from below and friendly from above: the owners of this specimen greeted through the windows of the first floor landing.

It faces east and catches very little sun. In a truly desperate site, I would prefer the old Alberic Barbier whose glossy leaves are almost evergreen and whose white flowers are more or less double. It is even tougher in a drab place. These white roses are extremely vigorous: can we really control them in small gardens?

They throw out long growths, like brambles, which are already beginning to show in the flowering system, here, I would emphasise that the great French nurserymen of the past used to prune many of our old-fashioned roses much more frequently than we do. They paid no attention to the season.

As soon as a rampant climber, or a hybrid Perpetual, form throughout a long shoot without flowers they would cut it back to the base if it interrupted the neat, formal shape of the bush. I have pictures of the late-flowering white rambler Felicite et Perpetue, which is growing along the top of a low wall and pergola and has not sprawled out of control because its owner kept cutting it three or four times a year. Myself, I have practised this on roses like Ispapahan or Mme Isaac Pereire and have not decreased the flowers in future summers by pruning ruthlessly and removing long shoots during the previous year. I am convinced that we are wrong to put up with too much of a tangle on these old roses which were never given such licence by their early nurserymen.

To grow well, these big roses need manure, especially in the poor soil of a town, beneath an urban villain. Probably, you do not have the mixed blessing of a local pig farm. Instead, I must report that the London owners of this fine Bobby James swear by a manure called Dug. It is widely used by rose-growers; it arrives in proper bags which cost about £8 each, according to quantity. Pelco Fertilisers Five Hills, High Bannerdown, Bath, BA1 7JY supply it, bagged and delivered. (Tel: 0225-859962. Access cards accepted only from callers). To judge from the results, Dug does wonders for climbers and to judge from the bags, it has a good, sound record for established stock too. The Dug home team describes themselves as "purveyors of fine manures to the gentry since 1965." Radicals and socialists may not have realised what they are up against: fed on Dug, the gentry have not exactly been wilting in the past 25 years.

Property

Homes that are as Cornish as pasties

***John Brennan** visits the Falmouth development of millionaire entrepreneur Peter de Savary*

YOU CAN tell a lot by the way people move. Some glide, some shuffle, some affect a Groucho Marx list. Among property developers there are two common styles of walking. There is the "unaccustomed as I am to be out of the car" style. Then there is the *infectious* "excited to be here" sprint.

This theatrical approach can make the least prepossessing property appear to be the most exciting assembly of bricks and mortar ever attempted. Visiting any property with such an enthusiast has its dangers.

Languid developers limit their viewing to a few cautious wafts of the cigar in the general direction of the building. Enthusiasts, on the other hand, like to play. Keeping pace with an enthusiastic developer let loose on a half-built site invariably means climbing ladders and crossing scaffolding planks that contractors would think twice about walking on.

However, being squashed by plant and equipment, or falling off a roof are minor risks compared to the danger of losing all sense of proportion. It is hard to keep in mind the fact that a block of flats or a new estate is vastly over-priced, in the wrong place, or simply ugly, when a sprinting developer is bubbling with obvious pleasure.

That is why no-one thinking of buying a property should go within a mile of an enthusiastic developer. It's far safer to view a property without the risk of being won over to the idea, rather than the reality of a place.

That is also why millionaire yachting enthusiast Peter de Savary makes a too-perfect guide to his own properties. The de Savary story varies depending on who retails it.

The facts are simple enough: 16-year-old school leaver with one O level, in Scripture, makes his fortune in oil trading; hits the headlines with his Americas' Cup challenges; establishes high-life high-cost London club with a Caribbean annex; buys Littlecote Manor, in Wiltshire, Lands' End, many of the more interesting bits of Cornwall, some UK ports and John O'Groats, and sets out to develop a Manhattan apartment block that out-trumps the American millionaire Donald Trump by couple of floors.

Listen to some of the more entrenched City sceptics – or to those in Cornwall's professional establishment who view change adversely – and de Savary emerges as a cross between Attila the Hun and every subsequent asset-stripper you care to mention. Listen to a Littlecote neighbour, or to a Cornish shopkeeper who is not on the payroll of de Savary's Cornwall Trust holding company, and a quite different picture emerges.

It comes back to that of the energetic developer; someone who makes things happen. In person, the walk is the giveaway. Peter de Savary has a stage presence that calls for a stage to be centre of. The boats provide the skipper's role. In Falmouth, Cornwall – which he sailed into on a visit and stayed to buy the harbour and docks – the entire northern side of the Pendennis Peninsular provides a suitable backdrop for his energies.

The redevelopment in progress is more of a total resuscitation than a remodelling job. Work refuelling ships off one of Europe's largest natural harbours in the ship repair yards, and in a former store converted into a yacht refit and construction centre, has brought fresh jobs and a generation of apprenticeships with prospect of real work at the end of them.

On a former industrial dumping site, between the harbour and the bay side of old Falmouth, Port Pendennis Harbour Village is being built. When complete, the village will have 200 houses and flats around a 70-berth marina basin. And it is extending the town with an indifference to the general state of the residential market that makes local estate agents shake their heads in bemusement.

At a time when it seems that every coastal inlet from Lands End to John O'Groats sports a half-planned or half-built marina development aimed at the holiday home or pre-retirement market, yet another waterside housing scheme should not excite that much interest. And why would anyone want to pay £100,000-plus for a flat, or up to £275,000 for a marina home in a county where £250,000 still puts you into the top price range for all but the most exceptional houses?

The answers come back to the developer. On the one hand, de Savary owns the company. He has no outside shareholders to argue that he is committing a potential £43m too much in an ill-timed scheme. He would obviously like to speed sales, but more than a dozen of the properties have sold in the thinnest of thin markets, and, in any event, he says: "You have to anticipate markets."

While other developments are being stalled he is pressing ahead with the full project, and he is not cutting corners to save on costs. Quite the reverse. At the outset the Falmouth project didn't look too impressive on paper. It was another marina with another set of sub-Mediterranean housing units near a working dockyard. What has changed is that it has been tinkered with on a grand scale.

This is the traditional Cornish village that might have been, but never was before. "I have photographs of every style here," says de Savary, who sailed up and down the coast, architecture spotting with a camera and returning to add an extra window here, a new roof line there, a change of colour to this house or that to get the view from the sea correct.

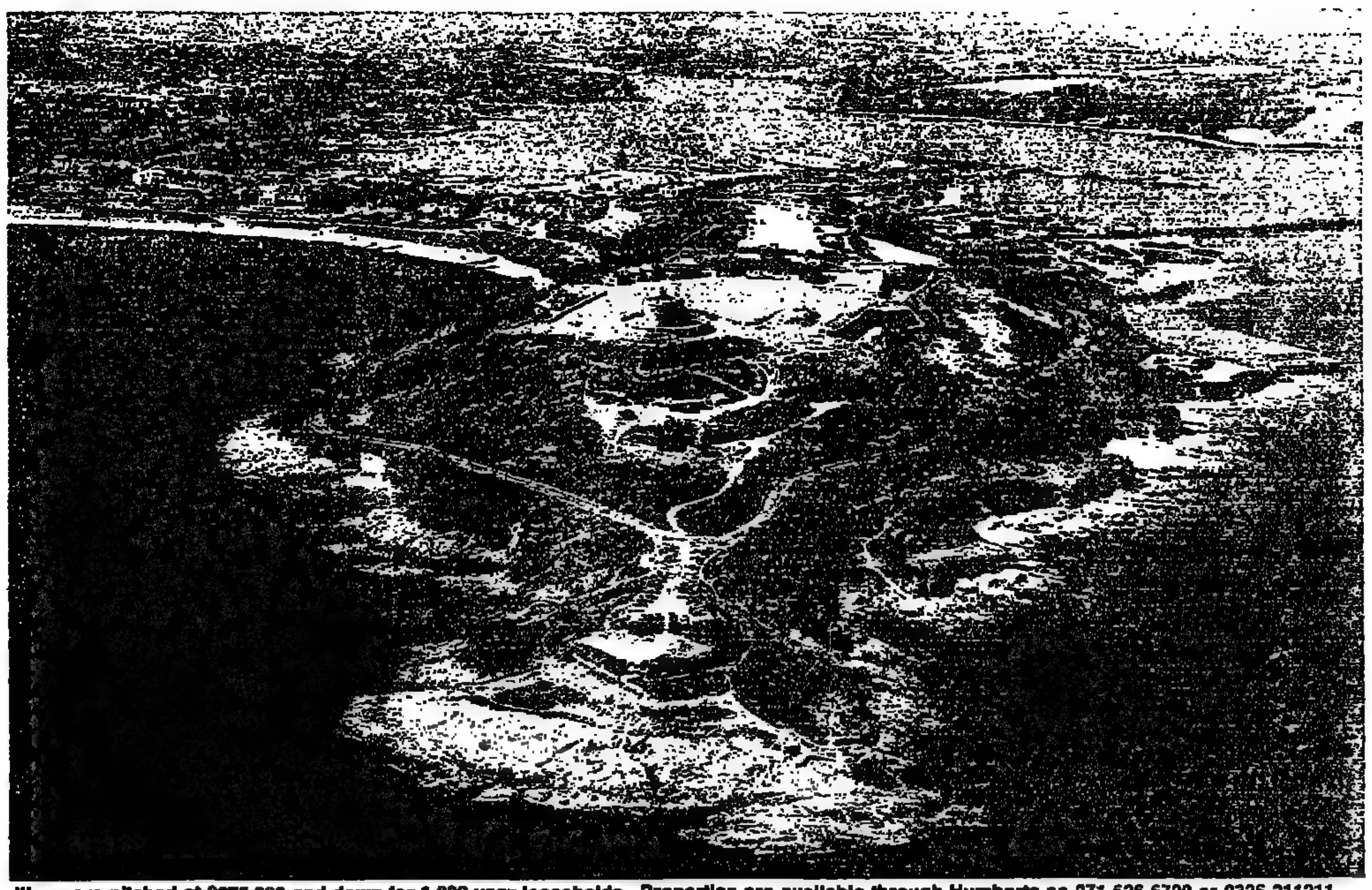
He confirms that he has driven the architects "absolutely bonkers."

Inside and out, that first, regulated mix of housing bears the mark of someone who has spent much of his career creating accessible lifestyles. Elsewhere in the de Savary empire the common theme of adding value by not skimping on the quality still seems oddly alien in a country where tourist facilities are often embarrassingly poor and where, on a broader view, corporate cost accountancy is geared to squeeze any big ideas through the narrow gap of fast returns.

Port Pendennis Harbour Village, with its 50 different house and flat styles, and its no-expense-spared landscaping, is emerging as a totally different place to the scheme suggested by the initial designs. This will be an instantly accessible slice of the Cornwall of the imagination. It is just enough of a film set not to be an anti-climax for anyone *making the long-haul down to the* far south west, and it is blended in with the town to avoid becoming too much of a visitors' ghetto.

As for the prices, de Savary is quite clear about the market value of what he is creating, and that has little to do with estate agents' comparisons or the state of the housing market. He bluntly rejected tentative agency suggestions about dropping the prices in the spring. In fact, he is talking about a 15 per cent price rise this autumn for the next stage of the development as it spreads across reclaimed land facing out across Falmouth Harbour and as the marina yacht club is completed. An 8,000 sq ft rooftop apartment will add to the de Savary list of home addresses.

Why Port Pendennis is different is that de Savary knows that he is selling the idea as much as the reality of the place. "If you were just looking for a house in the area than you could buy cheaper," he says. *"That's not what we're doing here.* What we are offering is a way of life."

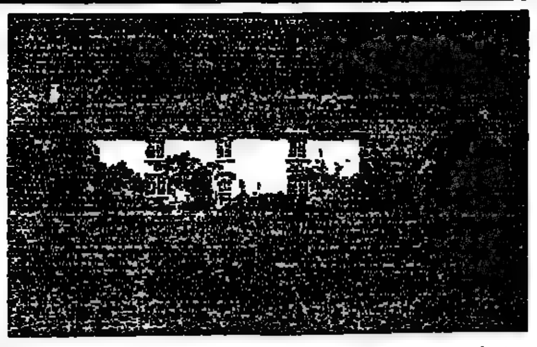



Port Pendennis Harbour Village (left) and a view of the peninsula. Prices in the village are pitched at £275,000 and down for 1,000-year leaseholds . Properties are available through Humberts on 071-626-6700 or 0326-211211

COUNTRY PROPERTY

STRUTT & PARKER

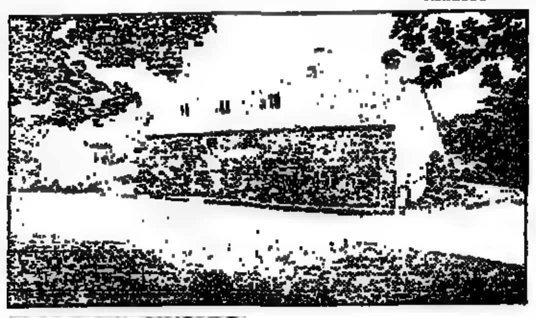
13 HILL STREET BERKELEY SQUARE
LONDON W1X 8DL
071-629 7282



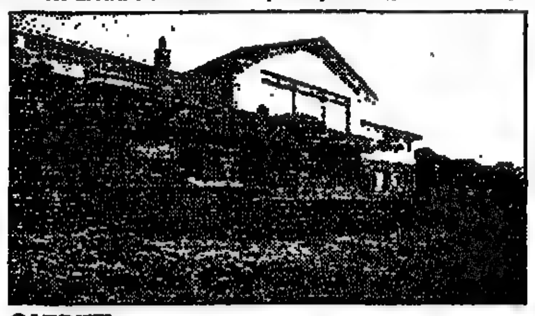
DEVON - Exmoor National Park. Lynton 3 miles, Porlock 8 miles. A handsome period farmhouse occupying an idyllic setting within the East Lyn Valley, with superb views. 3 reception rooms, 6 bedrooms, 2 bathrooms, central heating. Extensive traditional outbuildings. Large modern covered yard. Mature gardens. 3/4 acre lake. Level pasture land. River frontage. About 34 acres. Region £385,000. Taunton Office: Tel. (0823) 277261. Ref.1588360.

NOTTINGHAM - Radcliffe-on-Trent. Nottingham 6 miles, Newark 15 miles. Outstanding early 20th Century house on one of the most prestigious roads in Nottingham. Hall, 3 reception rooms, games room. Master suite of bedroom & bathroom, 5 further bedrooms & bathroom. Cottage. Garaging & outbuildings. Landscaped gardens, tennis court & paddock. About 3 acres. J.A: Frank Innes: Tel. (0602) 334317. Strutt & Parker Grantham Office: Tel. (0476) 65886. Ref.4480141.

LEICESTERSHIRE. Leicester 8 miles, Market Harborough 15 miles (St. Pancras 70 minutes). An outstanding residential estate in the heart of the Quorn country. Grade II*manor house; 5 reception rooms, 6 bedrooms, 4 bathrooms. Stable courtyard; 7 boxes, cottage and flat. 6 further cottages, extensive farmbuildings. About 528 acres. London Office: Tel. 071-629 7282. Grantham Office: Tel. (0476) 65886. Ref.10C12415.



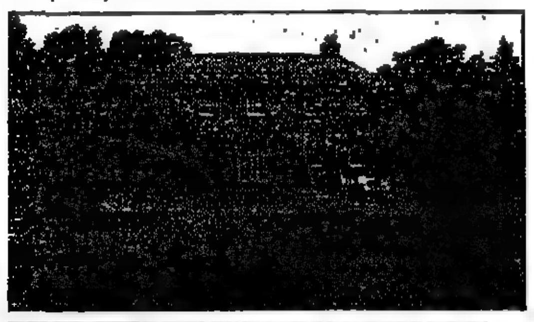
NORTH COTSWOLDS.
Broadway 3 miles, main line station 7 miles. A delightful 17th Century house in an idyllic rural setting with stunning views. 3 reception rooms, 5 bedrooms, 2 bathrooms. Oil central heating. Stone barn providing double garage/workshop/office. Easily maintained garden. About 1.5 acres. Region £395,000. Moreton-in-Marsh Office: Tel. (0608) 50502. Ref.18AA541.



CARDIFF - Llavane. City centre 5 miles, (M4) 4 miles. A luxuriously appointed split level chalet style house with spectacular views across The Severn to the Somerset Hills. 3 reception rooms, study, sun room, 4 double bedrooms with en suite bathrooms. 12 car garage. 3 bedroom staff flat. Oil central heating. Swimming pool. Hard tennis court. Garden and paddocks. About 7 acres. Offers invited. Moreton-in-Marsh Office: Tel. (0608) 50502. Ref.18AA534.

NORTH YORKSHIRE.
Knaresborough 3 miles, Harrogate 6 miles, Leeds 18 miles. An immaculately presented house in an exceptionally convenient position. Hall, 4 reception rooms, kitchen/breakfast room, utility room, 5 bedrooms, 3 bathrooms, double garage, stabling for four and outbuildings, gardens, paddocks and pond. About 5 acres. Offers in excess of £430,000. Harrogate Office: Tel. (0423) 561274. Ref.10BC1470.

KENT - Deal.
Coast 0.5 mile, Canterbury 15 miles. A beautiful period house with historical associations set in a quiet residential area of this coastal town. 3 reception rooms, kitchen/breakfast room, cellar, 6 bedrooms, 2 bathrooms, dressing room. Gas central heating. Double garage. Secluded garden. About 0.4 acre. Region £240,000. Canterbury Office: Tel. (0227) 451123. Ref.68C3299.



SOMERSET - Brendon Hills. Wiveliscombe 3 miles. A superbly situated residential, mixed stock and arable, sporting farm. Mainly Georgian period farmhouse; 3 reception rooms, 6 bedrooms, boxroom, bathroom. 2 cottages. Extensive traditional and modern buildings. Easily accessible blocks of arable and pastureland. Excellent shooting potential. About 290 acres. Region £750,000. Taunton Office: Tel. (0823) 277261. Salisbury Office: Tel. (0722) 28741. Ref.[illegible]

SUSSEX - Stonegate. Main line station 3.5 miles (Charing Cross/Cannon Street 64 mins.). An excellent country house dating from the 15th Century in a secluded position adjoining farmland. Hall, 4 reception rooms, 5 principal bedrooms, 2 bathrooms, shower room, 2 secondary bedrooms, bathroom. Garages, stables. Timbered garden setting and paddock. About 4 acres. Region £[illegible]. Lewes Office: Tel. (0273) 475411. Ref.8A04[illegible]

Humberts

Ireland · 1671 acres

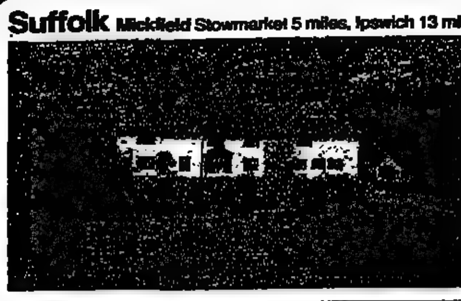
County Laois. Dublin 65 miles, Limerick 62 miles, Port Laoise 9 miles.

One of Ireland's finest private estates.

The Georgian principal house designed by James Wyatt and home to the de Vesci family since before 1773, comprises 6 reception rooms, 8 principal bedrooms, extensive ancillary accommodation, gardens, grounds and parkland. The Abbey Leix Stud with 24 loose boxes, railed paddocks and further land.
14 additional cottages and houses, one flat and a range of farm buildings.
Over 1050 acres of commercial and naturally regenerated woodland provide an outstanding amenity setting.
Extensive sporting includes fishing on the River Nore, excellent pheasant shooting and potential for creating a golf and leisure based development of international standard,

In all about 1671 acres.
For sale by private treaty as a whole or in 7 lots.
Details from Humberts Agricultural Division 01/3527/NJL

Suffolk Mickfield Stowmarket 5 miles, Ipswich 13 miles, Bury St Edmonds 15 miles. 1056 acres

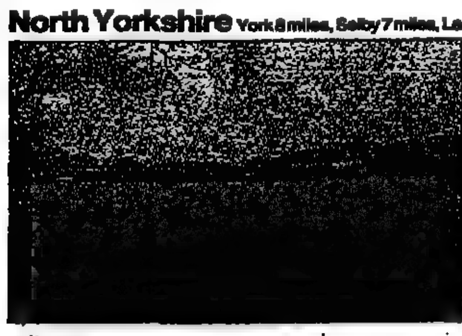


An outstanding commercial arable unit with significant development potential.
The moated principal house dating from the 16th Century and having 2 reception rooms and 6 bedrooms. Additional properties including a 3 bedroomed house and 5 tenanted or semi detached cottages. Extensive farmbuildings and grain storage with 3000 tonnes and 10,000ft² with restricted B2 planning consent. Grade II and grade III arable land with part strategically located between the A140 trunk road and Mendlesham airfield.
For sale by Private Treaty as a whole or in 11 lots.
Details: Humberts Stamford Office, Tel: (0780) 52788 and Humberts London Office 19/2192/NJL

Devon Brixton ½ mile, Plymouth 6 miles, Salcombe 12 miles. 300 acres

An attractive residential farm with spectacular views over the Yealm Estuary.
The stone built period farmhouse with extensive accommodation and occupying a stunning location. A traditional range of stone built farmbuildings with potential for conversion into 5 residential units. A further range of modern farmbuildings with a G.P.P.F. cattle yard and further storage space. Grade III arable and pasture land with access to the Yealm Estuary.
In all about 300 acres.
For sale by Private Treaty as a whole or in 4 lots.
Details: Humberts London Office, Tel: 071-629 6700 or Luscombe Maye Tel: (0752) 330101 15/1435/NJL

North Yorkshire York 8 miles, Selby 7 miles, Leeds 27 miles, M62 12 miles, A1 17 miles. 1264 acres



A productive mixed dairy and arable farming Estate.
A farmhouse and outbuildings requiring modernisation. Planning application for a substantial 5 bedroom house in the Park adjoining the home Farmstead, 8 additional cottages to include a farm manager's house (subject to occupancies); some let and producing £6,000 per annum. A modern and traditional range of farmbuildings with accommodation for 135 cows and grain storage for 4060 tonnes. Arable, pasture, parkland and over 77 acres of commercial and amenity woodland suitable for shooting. Milk Quota amounting to 875,764 litres (4.5% Butterfat).
In all about 1264.57 acres. For sale by Private Treaty as a whole or in 8 Lots.
Details: Humberts York Office, Tel: (0904) 611828 and Humberts London Office 01/4516/NJL

Humberts Chartered Surveyors
Residential Commercial Agricultural & Leisure
London Office: 25 Grosvenor Street, London W1X 9FE
Telephone: 071-629 6700
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Built in classical "Mediterranean" style, amid tranquil gardens and woods, Maidencombe House presents one of those rare opportunities in life to enjoy real luxury.
A unique concept of only 20 exclusive two and three bedroom apartments, each has a fabulous sea view and has been finished to unparalleled standards including private garaging and an environment of secluded sophistication. ...yet Maidencombe House is only minutes from the bright lights of Torquay, the Marina and the golf course.
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Prices from £195,000.

BONUS – EASY MOVE PLAN
Purchase one of these superb apartments by 30th September 1990 and you will benefit from:
1. Expense-Free Package 2. Professional Interior Design Package
Ask for details

ARIA ESTATES

BRISTOL & WEST PROPERTY SERVICES

MATCHING GREEN - WEST ESSEX

Beautiful 4 bed converted farm house situated in picturesque village, 45 mins from London.
Huge reception room with fire place, planning permission applied for separate 2 bedroom "granny" house. Set in Hohn Brooks designed Garden plus 4½ acres of land with X-country jumps, 4 stables, large haystore/parking, with room for 4 more stables. Oly 7 minutes from M11, 20 minutes Stanstead Airport.

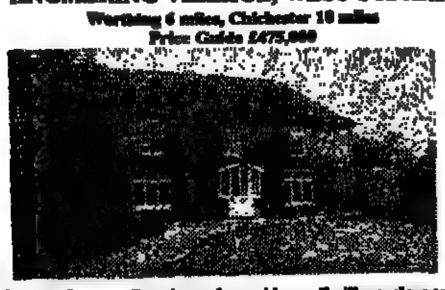
Phone (0279) 731433

MITCHAM CRICKET GREEN Charming Victorian E.O.T. cottage. 1/2 beds, all orig features, secluded garden, parking space. Close BR, tube. £78,000 for colour details: 081-[illegible]

Nationwide Anglia King & Chasemore

ANGMERING VILLAGE, WEST SUSSEX

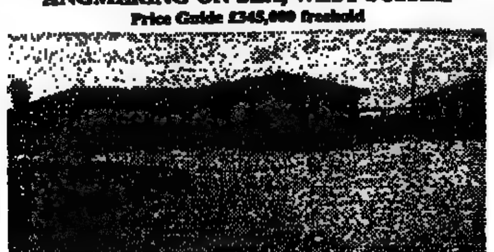
Worthing 6 miles, Chichester 18 miles
Price Guide £475,000



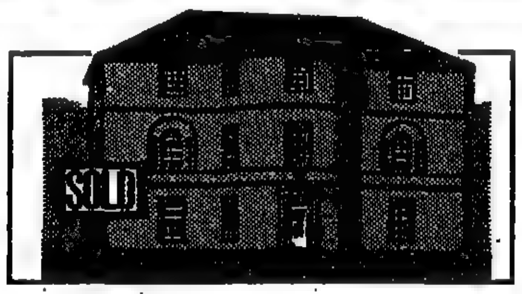
Period residence of outstanding charm, located in small village, close to countryside and the sea. 3 reception rooms, large kitchen, 4 bedrooms, 2 bathrooms, 2 attic bedrooms, utility room, cellar, 2 garages. Heated swimming pool brick & flint outbuildings. Approximately 1 acre of secluded garden.
King & Chasemore, East Preston office, tel: 0903 783282

ANGMERING ON SEA, WEST SUSSEX

Price Guide £345,000 freehold



Luxury Bungalow located directly on the foreshore, excellent sea views, close to all local facilities. 2 reception rooms, kitchen/breakfast room, master bedroom with dressing room & en-suite Villeroy Boch bathroom, 3 further bedrooms, second bathroom, cloakroom, sealed units, gas central heating, double garage, private electronic boat hoist.
King & Chasemore, East Preston office, tel: 0903 783282



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Through the Weekend FT Property Pages

To advertise your property in the Saturday property pages, simply complete the coupon below and return it to: Ruth Woolley Residential Property Advertisement Manager, Financial Times, Number One Southwark Bridge, London SE1 9HL.

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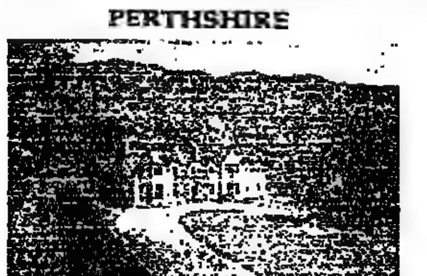
Weekend FT Property Pages 071-873 3000

INVERVAR LODGE, GLEN LYON PERTHSHIRE



A beautiful and accessible Lodge with southerly views over the Glen and rights to fish on Loch Tay.
Drawing room, Dining room, Morning room, Study, 2 Kitchens, 8 Bedrooms, 3 Bathrooms.
Cottage, Living room, 2 Bedrooms, Kitchen, Bathroom.
Garages, Stables, Tack room, Loft.
Beautiful gardens and wooded policies.

John Clegg & Co.
Contact: 2 Rutland Square, Edinburgh EH1 2AS
Tel: 031 229 8800. Fax: 031 229 4827
A division of William H. Brown

GA Town & Country

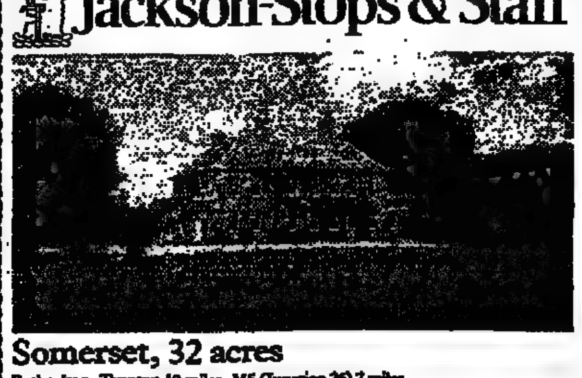
MAYFIELD HOUSE, TAIN, ROSS SHIRE

Inverness - 36 miles Dornoch 26 miles

A beautifully presented traditional stone build period house situated within magnificent landscaped garden grounds. Panoramic open views to the sea over the Dornoch Firth toward the mountains of Sutherland.
Entrance Hall, Sitting Room, Drawing Room, Dining Room, Kitchen, 5 Bedrooms, En-Suite Shower Room, Billiards/Games Room, Study, 2 Bathrooms, Cloakroom, Utility Room. Double Garage. Approximately 1½ acre garden grounds.
Offers in excess of £200,000 are invited.
GA Town & Country, Invergordon
Tel: (0349) 853737
Please contact: Ron Hardy

GA General Accident
London office: 251 Brompton Road, London SW3 2EP. Tel: 071-584 1066.

Jackson-Stops & Staff



Somerset, 32 acres

Bathealton, Taunton 10 miles. M5 (Junction 26) 7 miles.
A superb Listed Caroleau house, set in its own parkland with lovely southerly views.
Hall, drawing room, dining room, library, cloakroom, kitchen/breakfast room, domestic offices, 4 principal bedrooms (2 with bathrooms en suite, 1 with shower room en suite), 7 secondary bedrooms, 3 further bathrooms. Cellars. Stable cottage, garages, stables and outbuildings. Beautiful mature gardens, swimming pool, squash court and grass tennis court, walled kitchen garden, level parkland. Lot 2: lodge with 3 bedrooms and ½ acre of garden.
Apply: 10 Southernhay West, Exeter EX1 1JG.
Telephone: (0392) 214222.

20 Hanover Square
London W1R 0AH

Knight Frank & Rutley INTERNATIONAL

071-629 8171

West Norfolk

King's Lynn 7 miles. Norwich 37 miles. Cambridge 52 miles.

A fine sporting estate with leisure and development potential

Excellent commercial farm with 5-6 bedroom period farmhouse, 5 cottages, 2,500 tonnes modern grain storage. Two small let farms with period farm houses and further cottages. Barns with planning consent for 5 dwellings. Land pending planning decision for 18 hole golf course. Gravel bearing land. Good shoot over 1,840 acres in all. 107 acres of woodland. 1½ miles trout fishing on River Babingley.

About 1,160 acres

As a whole or in 12 lots
Apply: London 071-629 8171. (JASC/21992)

Devon

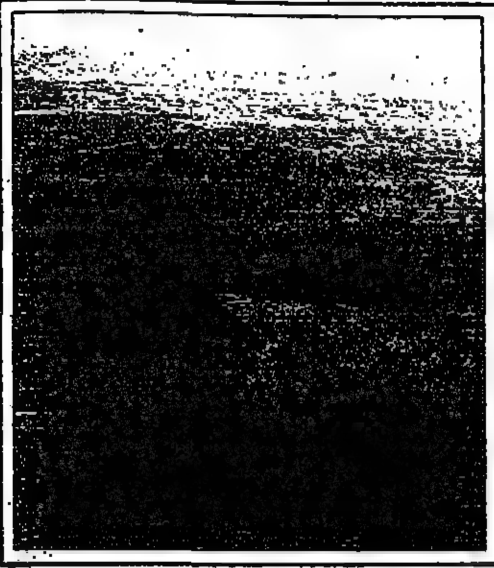
Exeter 9 miles. Chudleigh 2 miles.

A magnificent shooting estate with one of the finest houses in Devon

Listed Queen Anne/early Georgian house. Entrance lodge. Garden cottage. Stable block incorporating 2 cottages. Excellent gardens and grounds. Mature park and lake. A renowned pheasant shoot with over 30 days a year. 659 acres of woodland subject to Forestry Commission Lease. Leisure development potential. Licenced clay pigeon ground

In all about 959 acres

A further 805 acres of woodland also available.
Land Agents: Whitton and Laing of Exeter.
Apply: Exeter (0392) 433033 or London 071-629 8171 (AJRM/ABR /103406)



Buckinghamshire

High Wycombe 4 miles.

An exceptional woodland investment

A single block in an attractive and accessible location, including magnificent stands of mature beech and oak, with good sporting potential.

About 406 acres

Apply: Hungerford (0488) 682726 or London 071-629 8171 (PABP/JRS/103723)

Stirlingshire

Glasgow 12 miles.

A lovely residential estate with loch and commercial forestry in superb rural location

Fine mansion house with 6 reception rooms, 11 main bedrooms, up to 10 further bedrooms, 5 bathrooms. Flat. Potential for other uses including offices.

About 609 acres

As a whole or in 5 lots
Joint Agents: G. & S. Properties, Glasgow 041-942 9090
Knight Frank & Rutley, Edinburgh 031-225 7105 (CSS/03596)

Inverness-shire

Beauly 14 miles. Inverness 23 miles.

One of Scotland's great sporting estates set amidst the grandeur and seclusion of the Highlands

Renowned deer forest producing average of 84 stags. Grouse and Ptarmigan shooting. Salmon and trout fishing on 8 miles of the River Farrar and lochs. Impressive 12 bedroom lodge overlooking estate. 3 superbly located cottages, 2 of which have just been renovated. Great variety of wildlife, fauna and flora.

About 30,000 acres

Apply: Edinburgh 031-225 7105 (CSS/03845)

Angus

Dundee 30 miles. Edinburgh 84 miles.

A fine Georgian house with mature gardens and wooded policies

4 reception rooms, 2 bedroom suites, 6 bedrooms and 5 bathrooms. Billiard room and nursery floor. Self-contained flat. [illegible] walled garden and grounds. Fine stable block with 3 cottages and [illegible]

About 57 acres

As a whole or in 4 lots.
Apply: Edinburgh 031-225 7105 (WNJ/03783)

Hampshire

Alton 7 miles. Petersfield 5 miles. London 52 miles. Heathrow and Gatwick Airports within 1 hour.

A prime residential estate in spectacular countryside

An elegant 18th Century principal residence with 4 reception rooms, 6 bedrooms, 3 bathrooms. Swimming pool. Tennis court. Excellent small stud with stable yard and 16 boxes. Manège. Staff cottage. Home farm with 5 bedroom farmhouse, 2 cottages and over 30,000 sq ft of modern buildings. Potential for superb/high quality shoot with 35 acres of woodland.

About 350 acres

As a whole or in lots
Joint Agents: Ian Judd and Partners, Bishop's Waltham (0489) 896422
Knight Frank & Rutley, London 071-629 8171 (RAME/103472)

Hertfordshire

Cholesbury. Chesham 3½ miles. Amersham 7 miles. Central London 35 miles (via M1 or M40)

A superbly located residential farm on the edge of the Chilterns

Attractive William and Mary period house with 3 reception rooms, and 5 bedrooms. 3 bedroom cottage. Range of modern and traditional farmbuildings. 20 loose boxes.

About 158 acres

Apply: Beaconsfield (0494) 675368 or London 071-629 8171 (RAME/103938)

Hertfordshire

Royston 6 miles. Newmarket 16 miles. M11 (J.10) 2½ miles. London 50 miles. Cambridge 11½ miles.

An exceptional William and Mary Grade II* listed house overlooking a deer park and downland

Reception hall, 4 reception rooms, master bedroom suite, guest bedroom suite, 6 further bedrooms, 2 further bathrooms. 2 cottages. Extensive range of outbuildings. Garaging. Grass tennis court. Heated swimming pool. Stable yard with 12 boxes. Deer park with handling facilities. Mature gardens and paddocks.

About 120 acres

Apply: Christopher Stephenson International Ltd (0635) 528585 in association with Knight Frank & Rutley, London 071-629 8171 (AH.CSL/103558)

Warwickshire

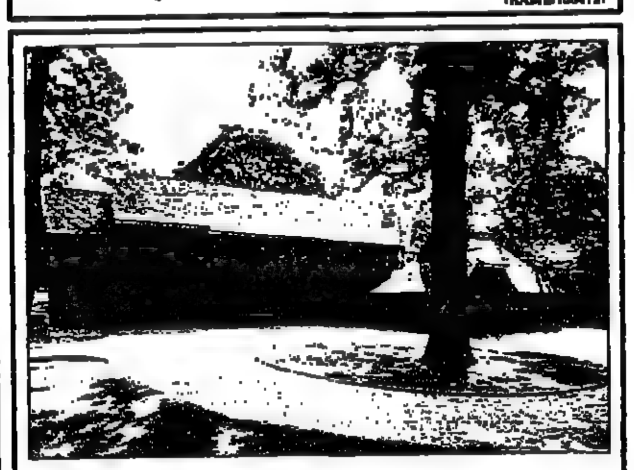
Birmingham 19 miles. Leamington Spa/Warwick 1¼ miles. *M40 Access 6 miles.*

A distinguished and imposing house set in magnificent mature landscaped grounds

5 reception rooms, 7 bedrooms, 4 bathrooms. Central heating. Heated swimming pool. Hard tennis court. Garaging for 6 cars. Gardens, grounds with shrubbery and spinney. Paddocks.

About 7½ acres

Apply: Stratford upon Avon (0789) 297735 (JVEW/103647)



Surrey

St George's Hill Weybridge. London 20 miles. Heathrow and Gatwick 30 minutes.

A superb new house in delightful gardens within this exclusive 900 acre Estate

4 reception rooms, conservatory, master bedroom suite, 2 further suites, 2 further bedrooms, bathroom. Triple garage, gas central heating. Landscaped gardens.

About 1 acre

Offers in the region of £860,000
Apply: Esher (0372) 64496 (ACB/103907)

Surrey

London 40 miles. Guildford 11 miles. Haslemere 5 miles.

A charming listed 17th Century house in an unspoilt rural position

Reception hall, 3 reception rooms, master bedroom with ensuite bathroom and dressing room, 5 further bedrooms, 2 further bathrooms, cellars. Garaging, period coach house with potential to convert to ancillary accommodation subject to the necessary planning consent. Central courtyard, outbuildings, loose boxes. Tennis court. Magnificent gardens and grounds with walled garden. Paddock.

About 8 acres

Apply: Guildford (0483) 65171 or London 071-629 8171 (AH/RG/103717)

East Sussex

Vines Cross. Heathfield 5 miles. Tunbridge Wells 17 miles. Stonegate Station 10 miles. (London 1 hour).

An attractive Grade II* early Georgian house surrounded by farm land

4 reception rooms. 7-8 bedrooms. 3 bathrooms. Oast house. Hard tennis court. Heated swimming pool. Paddocks, gardens and grounds.

About 6½ acres

Apply: Tunbridge Wells (0892) 515035 or London 071-629 8171 (NA/RHT 101823)

Ayrshire

Troon ½ mile. Ayr 7 miles. Glasgow 32 miles.

A luxurious house in a superb location close to Royal Troon Golf Course

3 reception rooms, master bedroom suite, 5 further bedrooms, 3 further bathrooms. Gas fired central heating. Double garage with 2 store rooms. Beautiful garden with mature trees.

About 1 acre

Offers in excess of £280,000
Apply: Edinburgh 031-225 7105 or Kirkcudbright (05577) 416 (SDMB/03670)

Surrey

Reigate 4 miles. M25 2 miles. London 30 minutes by train.

The major part of a turn of the century house with stunning views from the North Downs

Reception hall, double drawing room, library. 4 bedrooms, 4 bathrooms. Garaging for 3. Extensive gardens and grounds. Paddock. Outbuildings.

About 14 acres

Offers in the region of £450,000
Apply: Esher (0372) 64496 or Guildford (0483) 65171 (AJC/RB/103412)

Herefordshire

Hereford 6 miles. Ross-on-Wye 8 miles. M50 7 miles.

A beautifully situated country house overlooking the River Wye

3 reception rooms, 4 principal bedrooms, 4 secondary bedrooms, 2 bathrooms. Oil central heating. Double garage. Greenhouse and garden outbuildings. Superb gardens and paddock.

About 1½ acres

Offers in the region of £340,000
Apply: Hereford (0432) 273087 (KGM/103545)

West Leicestershire

Sibson. Birmingham 22 miles. Leicester 15 miles. M42 6 miles.

A fine detached Georgian rectory

Reception hall, 3 reception rooms, 5 bedrooms, 2 bathrooms (one ensuite). Triple garage. Outbuildings. Gardens.

About 1 acre

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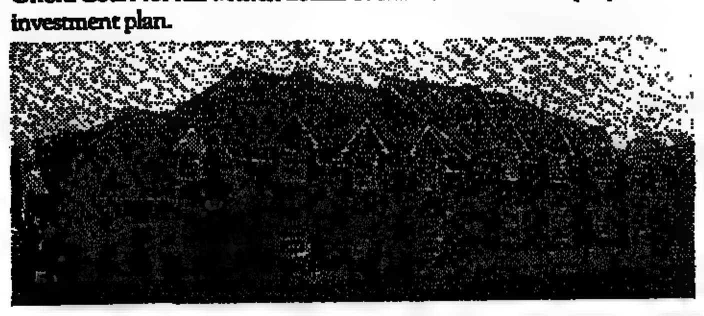

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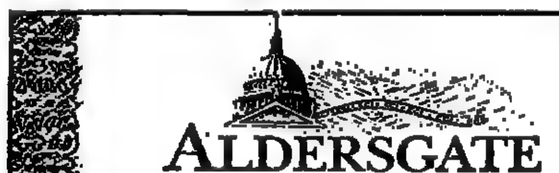

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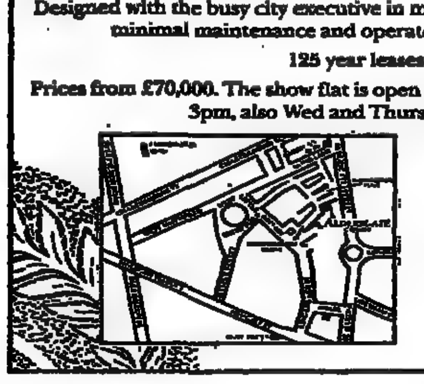

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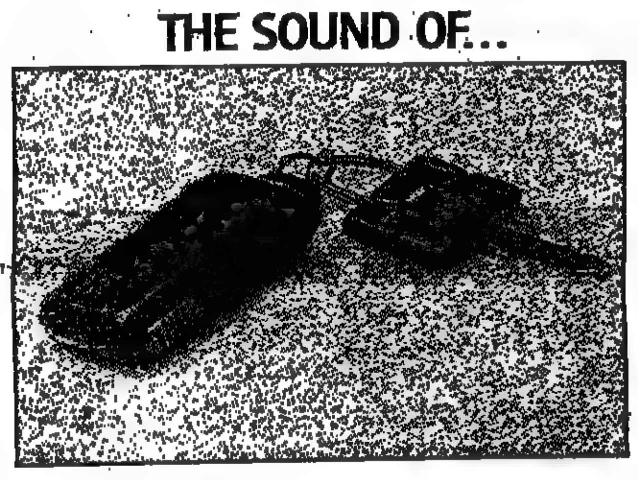

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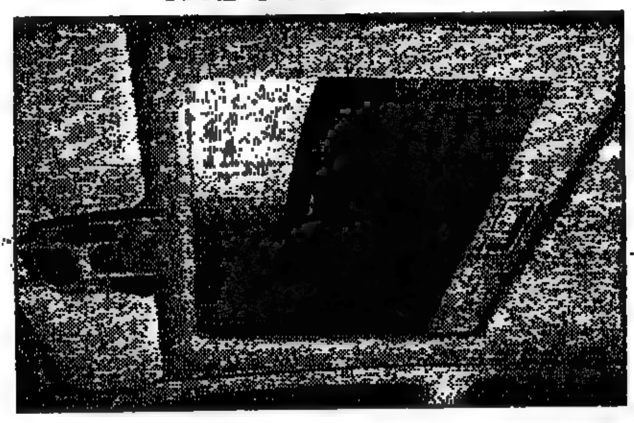

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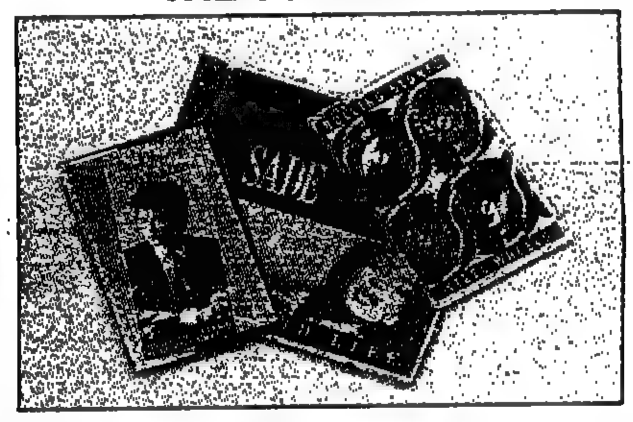

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MOTORING

Well-upholstered and cheap

Stuart Marshall thinks a cost-conscious family could profitably give the Seat Malaga a spin

The Seat Malaga. A top-value diesel saloon for the family motorist

MANY GENUINELY private motorists – the kind who buy cars out of their own taxed income – would dearly like a diesel for economy but baulk at the capital investment. So anyone in the market for a proper four-door family saloon with a low price, a big boot and a mini-car's thirst could be drawn to the Seat Malaga 1.7 Diesel GLX.

It costs only £6,939, which is £405 more than its 1.2 litre petrol-engined equivalent. That makes it the second cheapest diesel car on the British market after its 3-door stable companion, the Seat Ibiza Diesel, which costs £6,262.

The Citroen AX 3-door, once the cheapest diesel in Britain, is now in third place at £7,056.

You get an even better idea of the Seat Malaga's value for money by comparing it with its diesel engined four-door booted equivalents. A Ford Orion LD is £9,090, a Vauxhall Astra Belmont Merit D £9,191 and a VW Jetta, powered by a super-clean turbo-diesel with exhaust catalyser, £9,740.

Why so cheap? Well, the Malaga is not exactly latest technology, being based on the old Fiat Regata, the saloon version of the Strada which was replaced more than two years ago by the Tipo.

But never mind. Its seats are generously upholstered, it has sensible controls and the suspension is firm without being uncomfortably so.

Seat, once a Fiat subsidiary, is now controlled by Volkswagen. The Malaga's paint looks as good as a German-made VW's and the whole car seems well built. During my 500-mile (800 km) test I heard not a squeak or rattle. The five-speed gearshift felt as rubbery as it did on a Fiat Strada or Regatta but the clutch was smooth and light. The 1.7 litre engine develops a modest 55 horsepower. Claimed maximum speed is 88 mph (142 kmh) and it takes a leisurely 23 seconds to reach 60 mph/96 kmh from a standstill. Even so the Malaga, if driven hard, can keep up with the motorway pack.

At speed, one hardly hears the engine though this is partly because of the wind roar around the square-edged body. The engine idles quietly when warm but becomes so gruff when you accelerate through the gears you would never mistake it for anything but a diesel.

Unfortunately, it does not pull strongly at low engine speeds. You have to keep it metaphorically on the boil when climbing hills, especially if the car is fully loaded.

The steering felt so light on the move I had almost persuaded myself it was power assisted until I had to go from lock to lock at zero speed when parking. Then it stiffened up but did not become really heavy.

Boot space is generous because the spare wheel lives under the bonnet above the engine. This is a good place. It does not get in the way of any of the things that need looking at now and again like the dipstick or screenwash reservoir. In normal use (say half the mileage on short trips, the rest a mix of main road and motorway journeys) the Malaga diesel does about 43 mpg (6.6 l/100km). A light-footed owner should have no difficulty bettering 50 mpg (5.65 l/100km) on a run. It's no car for the impatient. But I could see it doing very nicely for a high-mileage but financially hard-pressed family, or a retired couple with a liking for long continental holidays. A diesel really saves a lot of money over there.

■ ■ ■

At the other end of the scale, Rover announced a turbo-diesel version of the 800 this week. It is being launched now in France, Belgium, the Netherlands and Spain and will be on sale here in September.

Left-hand drive markets will get three models – an 825D Turbo Fastback and a better equipped 825SD Turbo saloon and fastback – but for British buyers, only the 825D Turbo hatchback will be offered.

It is not Rover's first foray into executive diesels. In the early 1980s a small number of diesel-engined 3500s were sold. They were lovely long distance cruisers but a bit rough and noisy around town.

The 800 diesels have basically the same Italian-made VM 2.5 litre 4-cylinder engine as the 3500D but much has happened to it since then. With a turbocharger, it has been used for several years in the Range Rover. Although still not ultra-refined, it feels very muscular. Early problems of poor low speed pulling power have been overcome. In Britain, fewer than two in a hundred executive class cars are diesels compared with 13 per cent in France, where there are substantial fuel and car tax advantages. Also, a far higher proportion of executive car users here insist on automatic transmission.

Rover has no plans for a two-pedal version of the 800D fastback which is likely to cost around £17,000. This is a pity because if the executive diesel market is ever to become significant in Britain, users must be offered an automatic option.

It is a Catch 22 situation. The automatic transmission used in the Rover 800 range is not man enough to handle the VM turbo-diesel's massive torque (pulling power). Of course, there are stronger automatics, but there is not enough room to fit them on the end of the Rover's transversely mounted engine.

Developing a suitable automatic for a front-wheel driven car would be uneconomic because the British executive diesel market is so small. But until there is one, the market will not grow as fast as it should. Mercedes and Vauxhall have diesel automatics. As they are rear wheel driven, the under-bonnet space problem doesn't arise.

However, there is good news for diesel car users who prefer automatic transmission but will settle for a lower priced car than the Rover.

Citroen has just reintroduced automatic transmission as a £814 option on its BX19TGD and TZD diesels. At £11,499 and £12,345 respectively they undercut the next cheapest two-pedal diesel, Vauxhall's Carlton, by £3,690. I plan to try one of them – and the Rover 800D fastback – soon.

Do car buyers get a better deal abroad?

John Griffiths on a book that deals with the A to Z of car importing

FEW MATTERS tend to stoke up suspicions more than an ostentatious display of outraged innocence. Thus many will regard the bravura performance of the motor trade and industry last month, when it was announced that the Monopolies and Mergers Commission is to investigate whether UK motorists are being over-charged for new cars, as evidence in itself that an inquiry is warranted.

The investigation, which is to report its findings by August next year, was triggered largely by a report on EC new car pricing from the European consumers' union, the *Bureau Européen des Unions de Consommateurs*. Among the BEUC's findings were that, in mid-1989, Belgian buyers were on average paying 31 per cent less for similar model cars than their UK counterparts.

Some other examples, including all taxes, quoted by BEUC: a 1.6 litre Peugeot 405 cost a UK buyer 43 per cent more than his or her counterpart in Luxembourg (a Frenchman paid 19 per cent more; an Italian 41 per cent more); An Austin Metro was cheapest in France, with a motorist in its UK country of origin having to pay a full 56 per cent more. And a UK buyer paid 38 per cent more for a Mercedes 190 Diesel than his German counterpart (although Dutch and French were worse off, paying 52 per cent and 44 per cent more respectively).

Should UK buyers, therefore, take consumer groups' advice and forsake British showrooms in pursuit of better deals on the Continent? This question is particularly relevant given that the consumers' right to buy wherever they like in the EC is now enshrined in Community rules.

The answer, as the UK Consumers' Association acknowledges in a manual on personally importing cars*, is a qualified "probably" rather than an unambiguous "yes." In a key clause within the manual, the association points to the existence of EC regulations requiring prices between most individual EC markets not to differ by more than 12 per cent in any one year, and by not more than 18 per cent at any given time.

"If, by shopping around, you can get a good discount in the UK to match or exceed those figures you might think twice about going abroad. But if you want a popular or upmarket model, or one that's newly introduced to the UK and isn't selling with a discount, then it's certainly worth trying abroad," says the manual. Even then, it says, savings are not guaranteed. If the pound is particularly weak and exchange rates poor, it may not be worth while.

"You must make your own detailed comparisons before setting off on the process." The extent of the problem is underlined by the association's own tracking of different price movements between the UK and Belgium – from a 52 per cent gap in 1981, shrinking to 19 per cent by 1987 and growing to 31 per cent last year.

However, the sharp strengthening of sterling this week as the prospect of UK membership of the EC Exchange Rate Mechanism draws closer, can only strengthen the case for motorists to look abroad. The particular value of the Consumer Association guide is that it really is an A to Z of car importing. It takes the reader from the first step – tracking down Continental dealers – to ensuring that the proper warranty cover applies once a car is running in the UK.

Along the way it deals with legislative hurdles, arranging payment, coping with customs, and registration and licensing. It also contains, in a separate folder, all the forms needed for the import and registration process.

Only an *optimist* would describe the process as easy – the association's manual at least makes it straightforward. Its publication will not, of course, be welcomed by the industry, which has used many arguments to explain away the price differences: that they are largely determined by shifting exchange rates; that cars on the Continent tend to be less well specified than supposedly similar models sought by British buyers; and that there is an on-cost involved in producing cars for Britain's right-hand drive market. Audi, BMW and Porsche have said that in many cases their cars are no more expensive in the UK than in West Germany.

Inevitably, the issue tends to be more complicated than the industry or its disparagers make out. Differential VAT and other taxation rates, – more than doubling the pre-tax price of a car in Denmark and Greece, for example – make differential pricing, balancing profitability against market share, a fact of life for manufacturers.

Discounting is also much more rife, and goes deeper, in the UK than in most Continental markets. More fundamentally, there are those who think UK prices are still reflecting the industry's troubled past: for much of its post-war history, appalling productivity made it a high-cost producer. Prices were set accordingly, and most importers were happy to forego high market penetration through low prices in favour of high profit per unit. They could have been driven down much faster by allowing Japanese importers unrestricted access to the market.

Bob Edmiston, chairman of International Motors which imports Subaru, Hyundai and other Far Eastern models, estimates that the overall price level would be 15 per cent lower now than if UK manufacturers had not been protected.

It is not only British consumer groups and private motorists, however, who think they might be paying over the odds. Freddie Aldous, chairman of the TSB-owned Swan National vehicles rental and leasing group, recently claimed that even business fleets are *being over-charged* for their cars and said Swan National would investigate buying on the Continent post-1992.

■ *Importing a Car, published by the Consumers Association and Hodder & Stoughton, 2 Marylebone Rd, London NW1 4DX. £7.50.*

TRAVEL

The lady has impeccable grooming

THE FIRST time I saw Bermuda I was enchanted. That is no longer a word that leaps eagerly to mind. Every agreeable spot now has to be measured against a hundred others. Yet, returning last month after a long absence, I still thought that micro-dot way out in the Atlantic was just about the prettiest place I know.

Happily, I found Bermuda had not had her complexion greatly damaged by taking in more than half a million lodgers a year. It has become more densely spotted with habitation but the characteristic colour-washed houses, with their unique ridged white roofs, are an important element of her good looks.

The most enduring memories have always been of the sparkling vistas glimpsed from the lanes that twist around the shoreline, each bend disclosing a new, turquoise-coloured bay, cove, inlet, backwater or creek, sprinkled with small craft. Somewhere in those visions there is inevitably a trim pink house.

Although Bermuda glistens, dazzles and shimmers with unpolluted clarity when the sun shines, it has to rain sometimes. In fact, in recent years it has not rained nearly enough. Water is always a precious commodity and we arrived to find it dominating the prayers of the resident population after a two-month drought.

Some were already having it delivered to top up their basement tanks, which are built like extra rooms under the houses. These tanks are fed from the roofs, which have steps to slow and trap the rainwater flow.

On our second morning I was due to realise a long-held ambition: there was an invitation to play golf at the Mid Ocean Club, one of the world's most renowned courses. Fortunately the local weatherperson was true to the traditions of the profession: wrong. The rain stopped as we stepped on to the first tee and did not return until the 18th, 4½ half hours later.

That was a reasonably fast round on one of Bermuda's eight courses, especially on those that restrict the motorised caddy-cars to the surfaced paths. Another factor must be that it is hard to keep your mind on the game. Impeccably groomed and appointed, and ablaze with exotic flowers, the courses are mostly hilly, with many holes skirting the beaches of pink-flecked, soft sand or following cliff tops. The resulting long views over the Atlantic, the harbours and the sounds are breath-taking, calculated to lift heads and bring out cameras.

After day three had been assigned to sight-seeing in the capital, Hamilton, because of an early downpour (which again turned into an unpredicted pleasant afternoon), day four dawned foggy. But by noon it had been whisked away, to be replaced for the rest of the week by the bright sun and puffy cumulus clouds that construct the balmy Bermuda skyscapes.

So it was off to Castle Harbour, as one round is not enough in this golfer's paradise. We thought this

Alan Ponsford returns to Bermuda and its dazzling good looks

course even lovelier than Mid Ocean, with even more distracting coastal views. Like most things, golf does not come cheap in Bermuda. At immaculate private clubs the green fee will be around $70 (£42) and a caddy car $30 per couple (caddies more). Thus two people will pay $100 or more for a round, unless they have come on a golf package.

Port Royal (green fee $32) has a strong claim as the world's plushest public course. It is one of two on the island. The Bermudians generally stop playing golf in May and start again when the weather cools off at the end of September. Traditionally they start swimming on May 24, which, being the birthday of Queen Victoria, used to be called Empire Day.

These seasonal habits, as well as anything, dispel misunderstandings that are rife about Bermuda: it is not part of the West Indies, it is not in the Caribbean (and certainly not the Bahamas), and it does not have 80°F winters with a tepid sea. Nor do the Bermudians pretend otherwise. The organisation and promotion of the island, both of which are intensely professional and realistic, are geared to attracting up-market tourists. They know that, even in the sub-tropics, December to March are comparatively cool months and can be intermittently rainy and blustery. That is when golf and tennis tours abound and visitors are prepared to accept odds of maybe 6 to 4 on warm sunny spells, although recent winters have been unusually mild and dry.

Although financial services, especially insurance, are a growing part of the economy, Bermuda still lives mainly off tourism. The people learn that when they are at school and act accordingly. Those who serve you are generally smiling and helpful, which fortunately comes naturally to Bermudians.

The great majority of Bermuda's visitors are American — Bermuda being but 600 miles from the US coast and a 1½-hour flight from New York.

The blend of American and British influences, plus the pervasions of the Caribbean, has produced a mid-Atlantic culture, custom and practice that is often intriguing, sometimes amusing, in many respects convenient and, occasionally irritating.

Americans need exchange no money, for the Bermudian dollar is on a par with theirs and both currencies are freely used. Conversely, a sterling travellers cheque I presented at the Bank of Bermuda in Hamilton, capital of Britain's oldest colony, caused perplexity. My British driving licence, offered as proof of identity, was greeted as a curiosity, especially for its lack of a photograph.

British flavour asserts itself in driving on the left, road signs, zebra crossings, red pillar boxes, a Parliamentary system, Marks and Spencer, cricket, soccer, rugby, and the policemen. A somewhat contrived Britishness is squeezed dry from pipebands, beating retreat, reconstituted antiquity (including stocks and ducking stool) the much-used "historic," "ye olde," and "towne," and the scattering of so-called pubs and inns that serve mostly American beers but also Yorkshire bitter at hand-numbing, sub-zero temperatures.

Presumably the injection of West Indian institutions such as calypso, steel band music, limbo dancing and rum punches is a response to visitor expectations. More genuine tropical trappings come in masses of hibiscus, flame trees, palms, deafening tree-frogs, darting lizards, blushing chameleons, striped fish, yellow and red birds, but no creatures more harmful than fat cockroaches. A truer Bermuda is represented by the handsome colonial houses and their gardens that are opened to the public.

My images of Bermuda have been renewed and multiplied: swarms of red mopeds buzzing through the narrow roads — on which only residents' cars, one per household, are allowed — each mounted by Americans trying to contain their speed within the 20 mph limit; rides on the efficient, punctual bus and ferry services, which are a great way of beating the high taxi fares, of meeting local people and of enjoying exhilarating views across water and over hedges; and the neat little town of Hamilton, where you can sit, glass in hand, on a wooden balcony opposite moored cruise ships and watch businessmen crossing Front Street dressed immaculately in navy blue jackets, collars and ties, knee-socks, black shoes and Bermuda shorts in a variety of confident shades.

Such differing perceptions are reflected in preferences for accommodation. Many British and other Europeans eschew the big American resort hotels in favour of the host of smaller, more characterful establishments.

Medium-sized hotels and "cottage colonies" offer high quality informality and seclusion. One outstanding for much style and taste, as you would expect from Bermuda's only member of the Relais and Chateaux group, is Horizons. It takes 100 guests in its main house, converted from an old home, and its cottages. Meticulously German-managed, it has a chef from London's Le Gavroche and a private nine-hole golf course. Guests can use the beach, restaurant and sports facilities of the exclusive Coral Beach Club below it.

In such settings I decided that, yes, I was still pretty enchanted by Bermuda.

Catch of the day: surf fishing is just one of Bermuda's plentiful supply of outdoor activities

■ *Facts:*
British Airways flies Gatwick/Bermuda six days a week. Fares: Apex: £485 in spring, £558 in summer; Pex: £546 and £618; Club: £1420 return; first: £2585 return.

Many tour operators offer inclusive holidays from London. Using the higher quality hotels they are priced in summer at typically around £950-£1,200 a week per person, with no meals or only breakfast. Booked direct, places such as Horizons and Glencoe cost upwards of £75 per person per day, including breakfast and dinner and service.

Fifteen small hotels, guesthouses and "housekeeping" apartments (meaning self-catering) have combined to market their total of 218 rooms under the banner of Bermuda's Smaller Properties. They and most other Bermuda hotels have representatives in Britain. Details of those and other information available from Bermuda Tourism, 1 Battersea Church Road, London, SW11 3LY (tel: 071-734-8813).

Restaurant that always plays second fiddle

I HAVE just eaten in a unique restaurant. It manages to serve a three-course meal to 500 discerning customers in 80 minutes; you never ask for the bill but it can be signed and sent to you even in Australia; the water pressure is so low that when all the lavatories are flushed simultaneously the kitchen taps run dry and, if there is a power surge on stage the electronic cash registers jam. It is the restaurant at the Glyndebourne Opera House in Sussex.

The particular problems of this restaurant and the requisite organisation were brought home to me after an evening with Sean Hall-Smith. He is in charge of all the catering at Glyndebourne but is in fact not a typical caterer. Trained as an accountant he spent three happy but expensive years running his own restaurants in Hove and Brighton in Sussex before going to work for Mount Charlotte Hotels. In 1982, bored to tears writing their accountancy manual, he applied to Letherby and Christopher who had recently won the catering contract for Glyndebourne. Much to his surprise he got the job and over the past eight years has built up the restaurant turnover to £1.25m, of which a substantial royalty goes to the opera company.

While Hall-Smith's *curriculum vitae* might be unorthodox he possesses just the qualities to make this restaurant work. Slightly Pickwick-like in looks he combines a great love of food and wine – he receives as many wine samples as any wine writer – with a love of opera and is grateful that he is not responsible for his company's other outside events at race courses or football stadiums.

He also combines an ability to deal calmly and tactfully with Glyndebourne's audience, which has a high opinion of its own self importance, with the responsibility of looking after the nutritional and liquid well being of the singers, the orchestra and the stage-hands. He is well served by his head chef, Andy Barlow, who has cooked at the May Fair Hotel and, somewhat incongruously, in Manchester United's dining room, and by Robert Newman and Walter Hand in the restaurant.

Hall-Smith's greatest asset however may be the pool of 90 women, mostly housewives from nearby Lewes, who work as waitresses on opera nights and who bring a matronly calm to 80 very hectic minutes.

Throughout the year the opera's 30-40 permanent staff are fed a subsidised lunch in the Nether Wallop restaurant. Their numbers are swelled by a further 50-60, chorus, stage hands and wardrobe in April and by another 50-60 when the orchestra and singers arrive in May. Main courses are £1.60 for filling dishes such as Lancashire hot pot and baked potatoes and vegetarian dishes.

On occasion, during the season, when it is not an opera night, the menu might include a subsidised lobster or salmon, left over from the night before, which would otherwise go to waste. This, and the Courtyard Cafe which feeds the orchestra and singers during the long interval of the opera, do lose money but the loss is made up in the staff bar which serves drinks at normal pub prices. When I visited the bar Hall-Smith was congratulated by the stage hands for the introduction of a Mexican beer and a new range of malt whiskies.

Nicholas Lander looks at a catering operation for music lovers

Before the curtain rises, the bar in Mildmay Hall, serves afternoon tea, champagne and Pimms – Glyndebourne sells 300 cases of its own-label champagne during the season and 420 Pimms on a hot evening. For dinner there are two alternatives: Nether Wallop, which serves a cold buffet and a choice of two hot main dishes, usually beef and salmon, to 170; and the Middle and Over Wallop restaurants which serve an *à la carte* menu to 330. (Lady Rosamond Wallop was the grandmother of the present owner Sir George Christie on his father's side).

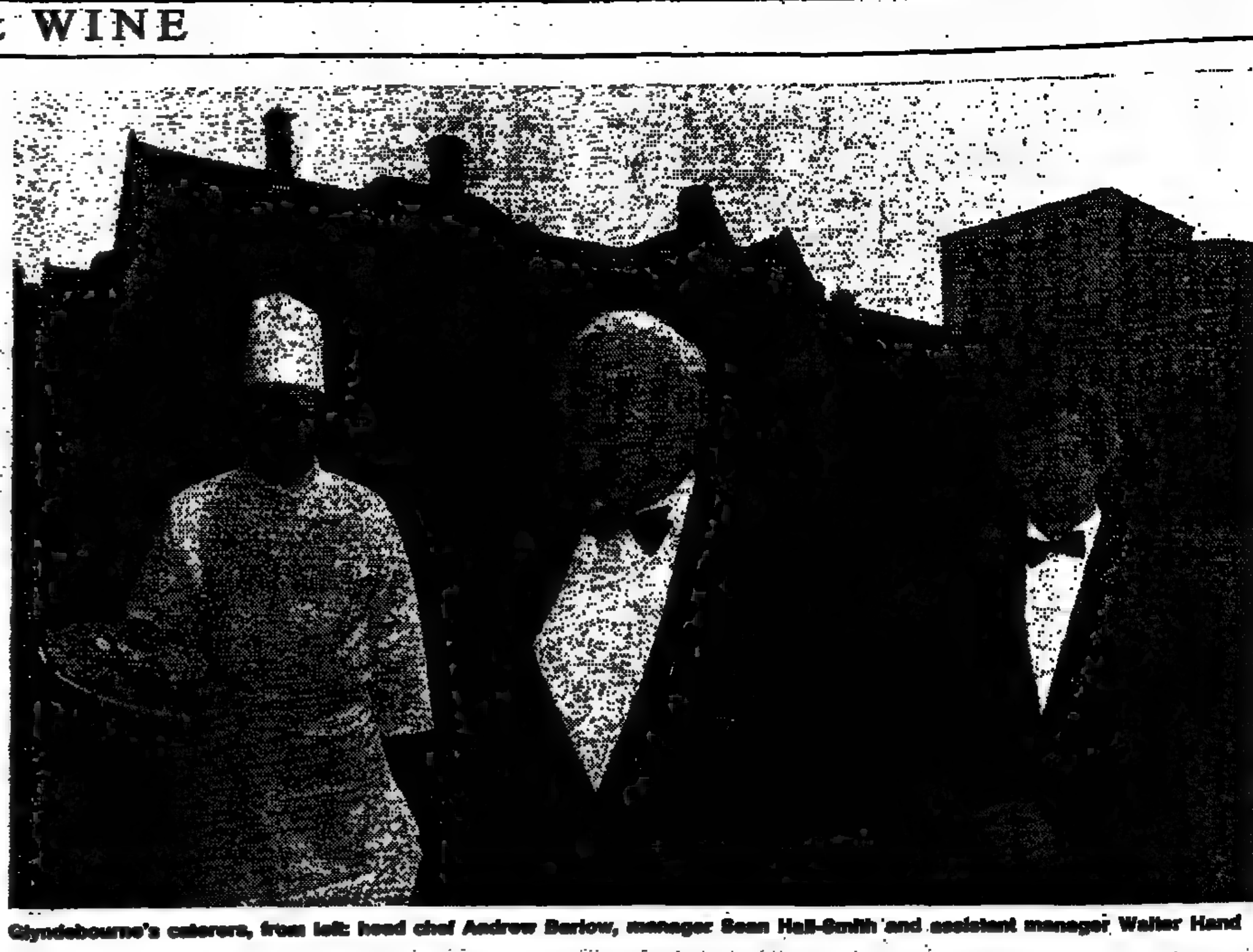
During the eight years Barlow has been Glyndebourne's chef the opera has been delayed only once because of slow service and that was for five minutes in his first year. Since then everything has gone with military precision and he even managed to get over his worst situation ever last year when he suddenly found that they were short of 17 racks of lamb – and the dinner service had already begun.

Although he and his 10 chefs work under difficult time constraints, and in a kitchen that badly needs a redesign, Barlow does work with two major advantages over chefs in normal restaurants – all his customers have ordered in advance and they tend to eat, particularly as many of his tables are for corporate entertaining, in large numbers. The *à la carte* menu of 12 starters, 14 main courses and 10 desserts doubles as an order form and is sent out with the tickets. The orders are collated manually and put on to a Food Summary Sheet so that Barlow knows three to four days in advance what he will be serving on any night.

We are very predictable in what we eat and the most popular items – asparagus, rack of lamb and salmon, strawberries and summer pudding – far outnumber anything else; the kitchen uses a case of butter a day just for its hollandaise sauce. Last-minute phone bookings can be taken should the weather turn nasty during the afternoon and a final print-out of all that has been ordered is handed to Barlow as the final bell goes for the first act.

Like the proverbial fly-on-the-wall I watched while the kitchen checked it had prepared everything correctly. During the day all the tables in the restaurant are laid up and the bills put through the till; any extras will be added and the bills taken to the table 20 minutes before the end of the long interval. Credit cards are not accepted as their processing would take too long.

The waitresses arrive on a minibus which six times a day collects, delivers and returns staff to their homes. One waitress, who has missed the last bus, phones and is told by another waitress to take a taxi and try to sweet-talk Hand into paying the fare. Hand calls the countdown to the beginning of the service every five minutes and during the last 45 minutes all the cold starters are taken out to their tables, the wines opened and decanted if necessary and the desserts put into refrigerated cabinets.



Glyndebourne's caterers, from left: head chef Andrew Barlow, manager Sean Hall-Smith and assistant manager Walter Hand

The curtain at the end of the first act of *Kat'a Kabanova* is due to come down at 7.40pm. Should the conductor have swung the baton too fast or too slowly, a member of staff by the exit to the opera house calls to the kitchen when the diners are on their way. Tonight everything is on time. At 7.45pm the first diners enter and Hall-Smith and Hand, standing at the entrance to the restaurant, direct their customers who are quite fussy about where they sit, to their tables. The wine is poured and the hot starters go to the tables.

At 7.50pm the fillet of beef is put back into the oven to cook a little longer and at 8pm the waitresses come into the kitchen for the main courses. Although ordered in advance the food has to go out to the right table and in the right sequence; Barlow shouts the orders trying to take them alternately from the Middle and Over Wallop rooms (although orders for the Christie's table have been known to jump the queue).

By 8.20pm all the main courses have been sent out and the first diners are on to their desserts; at 8.30pm the bills go out and at 8.40 pm diners are leaving the restaurant for a quick stroll around the gardens before the second act due to start at 9.10pm. At the same time the chefs, having cleaned their sections and their stoves are going home – or to the staff bar.

The restaurant, however, only empties completely if the production is a success and Hall-Smith may be the only happy person in Glyndebourne when it is not. Many diners stayed behind in 1988 drinking vintage port and champagne and watching the waitresses cleaning their cutlery rather than returning to listen to the second half of *The Electrification of the Soviet Union* and the same has happened, although on a smaller scale, with this year's production of *The Magic Flute*.

Glyndebourne's main culinary association is with a picnic, but this is actually how only a small percentage of the operagoers now eat – 500 out of the opera house's capacity of 820 regularly dine in the restaurant. This percentage will increase with the £30m pound redesign of Glyndebourne proposed by the architect Michael Hopkins, due to start at the end of the 1992 season to be ready for 1994.

The opera house's seating will be increased to 1,150 and the new restaurant – which will be on the site of the present dressing room block with a much better view of the gardens – will have a capacity of 850. While always playing second fiddle to the opera house, running the restaurant at Glyndebourne is itself quite a performance.

Tough times lie ahead for Chianti

Edmund Penning-Rowsell on the challenge facing growers of Italy's best-known wine

WHEN IN 1984 Chianti became the fifth *Garantita* wine it aroused a good deal of scepticism internationally. For although the *Denominazione di Origine Controllato* (DOC) regulation introduced in 1967 had led to some improvement in quality, expectations of a consequent increase in demand greater than the existing supply had led to much hasty, ill-considered planting.

Little thought was given to the great differences in the character of the soil in a district stretching from near Pisa to south of Siena. Also the continued stipulation in the rules that up to 30 per cent of the blend had to be of white wines, mostly the dull, neutral Trebbiana Toscana, reduced the possibilities of improvement in the quality and of the wine's general attractiveness. The image of Chianti faded although, as always, excellent wines were being made, particularly in the Classico area between Florence and Siena.

The result of the restrictions, and the insistence on the inclusion of white wines, was that a number of the best, most enterprising producers opted out of the DOC and began producing wines labelled just *Vino da Tavola*, in theory a description applied only to basic or declassified wines.

The first to do this was Antinori which, in 1971, launched Tignanello from a vineyard of that name in the Classico commune of St Cristina. It contained up to 20 per cent of Cabernet Sauvignon, and still does. An excellent wine, fruity with a fine bouquet, it has appeared every vintage since – except the poor 1984.

Of the 25,000 cases normally produced, 50 per cent is exported. (Avery's of Bristol list the '85 at £19.68 and Lay & Wheeler of Colchester the '83 at £16.40.) A further diversification by Antinori was Solaia, from part of the same vineyard, but made from 100 per cent Cabernet Sauvignon. Rich and concentrated, only 3,000 to 5,000 cases are made each year, and it is one of Italy's most expensive wines – around £30 a bottle if it can be found.

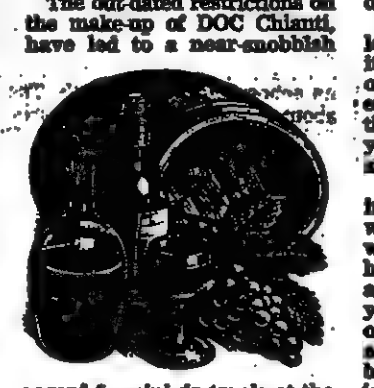
Nearly all the other important estates, mostly Classicos, have come out with *vini da tavola*, which are usually either a blend of Sangiovese and Cabernet grapes or 100 per cent Sangiovese, omitting any white wines which under the DOCG rules have been reduced to a maximum of 10 per cent, and often even ignored now.

A similar proportion of Cabernets is also permitted for the reds. However, at the distinguished estate of Isole e Olena, Paolo de Marchi, one of the region's leading experimentalists, has produced a 100 per cent Syrah wine, L'Eremo. The 1988 vintage, the first to be marketed, had just been bottled when I tasted one of the 3,700 bottles produced.

Initially it seemed to lack the "size" of the original Rhone wine, but we agreed that it needed much more time. Winecellars, of Wandsworth High St, south west London, has a small quantity at £18.70 a bottle. Marchi also makes the 100 per cent Sangiovese Ceparello.

Among other internationally known fine *vini da tavola* are Badia a Coltibuono's Sangioveto, Volpaia's attractive Coltassala and Balifico, Verrazano's Sassello, Frescobaldi's Montesodi, Riecine's Gioia and Fontodi's Flaccianello, another 100 per cent Sangiovese that I found particularly enjoyable.

The out-dated restrictions on the make-up of DOC Chianti, have led to a near-snobbish



regard for *vini da tavola* at the expense of superior Chianti Riservas. Yet there are only 10 to 15 known internationally, with a further 30 having some domestic appeal. Total production amounts to only 50,000 to 60,000 cases. This is unlikely to increase, as the market is limited for these attractive but expensive wines, most of which are drunk much too young.

Moreover if the DOCG regulations were modified to allow at least 100 per cent Sangiovesses to be included, producers to whom I talked would much rather market their wines under this label. Many of them, including Marchi, do not want to blend Cabernet with Sangiovese, although this does not imply that "foreign" Cabernets should be excluded. Marchi himself is working on a pure Cabernet, as well as a Chardonnay recently launched.

The general feeling among leading Classico estates is that it is now absurd to have just one appellation throughout the entire region: a similar view to that of the Alsatians, who after years of argument, introduced single vineyard *crus*.

There is undoubtedly a trend in Tuscany to single-vineyard wines, as elsewhere in the world. For example, Antinori has introduced Peppoli Chianti and recently acquired the vineyard of Badia a Passignano. Another proposal is to have a Chianti Classico DOCG, and this is being considered officially; but is strongly opposed by the outsiders, grouped under the putto Consorzio, which, with the exception of the small Rufina district east of Florence, and the home of the large house of Frescobaldi and the distinguished one of Selvapiana, have not been doing at all well in recent years.

While the bulk price for a Classico wine averages L2,000 a litre, for a Putto wine it is only L1,000. The 250 members of the Classico Gallo Nero (Black Cockerel) who bottle and market their own wine can sell all they produce, this is not so in the other six Chianti districts. Selling at a loss, vineyards are being pulled up, with Government compensation.

Although the Gallo Nero members are currently prosperous, and they include another 400 members who sell grapes or wine and three co-operatives. The Consorzio is much more concerned about the future than in the past.

Chianti is certainly Italy's best-known wine – and the Classico district is surely the world's most beautiful vineyard area – but it faces increasing competition, and only improved quality can assure and even better its position in the wine world. The Classico district, though apparently widely dispersed is not as large as might seem. The 6,800 ha are only about one-fifth larger than St Emilion without its satellites. A total of around 220,000 hl are sold annually and nearly 50 per cent is exported, with Germany and Switzerland much the biggest markets, and the UK coming third with 15 per cent.

A problem lying ahead for all Chianti is that most of the vineyards will face replanting within the next 10 years. So the Gallo Nero Consorzio has embarked on an ambitious project, "Chianti 2000," with the aim of avoiding the disastrous shortcomings of the later 1960s and early '70s, and achieving much higher quality by the turn of the century.

A great deal of attention is being devoted to soil analysis. The most promising soil is Galestro, calcareous, crumbly, very dry and easily drainable. So Tignanello, grown on Galestro soil has provision for occasional drip irrigation.

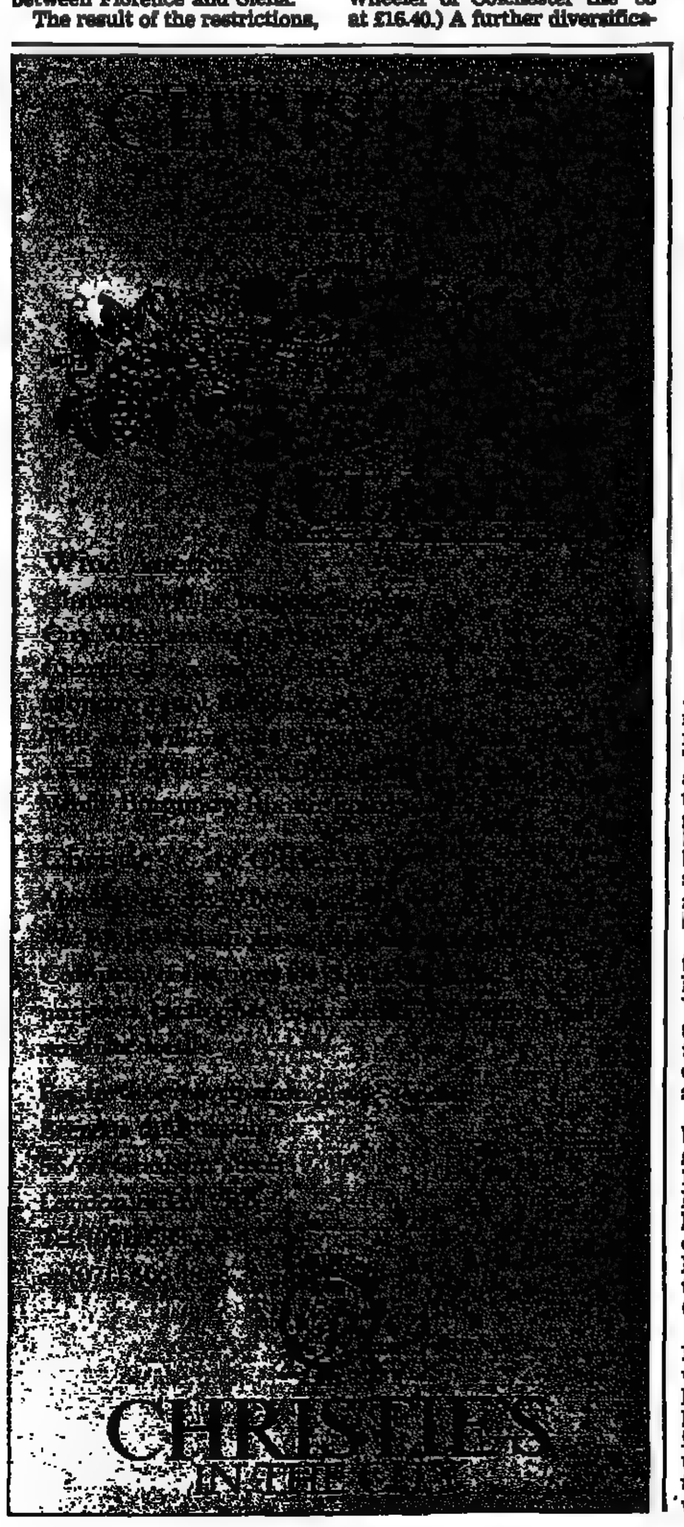
Next comes clonal selection, and of the 15 experimental strips of vineyards in important estates, two are devoted to this, and others to an evaluation of their results, to control of vegetative behaviour and the various installation and grafting techniques. No white varieties are included in all this research.

A matter of vital concern is the density of planting, which has been low in Chianti: between 2,500 and 300 plants per ha, compared with at least 6,000 in Bordeaux, and 10,000 for the first-growths. The proposal for greater density, by narrowing the distance between the vine lines is not to increase quantity but to improve quality by more severe pruning.

As a result of a reduction in maximum yields from 80 to 52.5 hl a ha, already overall production in the Classico area is lower than in the early eighties: around 300,000 hl as against 375,000 hl. After periodical visits to the region over nearly 20 years, this time I noticed an enthusiasm, self-criticism and emphasis on quality somewhat reminiscent of the New World wineries. So it does look as if we may look forward to drinking better Chianti Classico in the coming years.

As almost every Chianti property has olives, the Classico Consorzio has also taken olive production under its wing, although it already has a consorzio of its own. Before the 1985 frosts, which killed a great majority of the olive groves extending loosely over about 25,000 ha, it was only marginally profitable to produce what the Tuscans claim to be the finest olive oil in the world. The Italian Government decided that it was an important part of the food industry and proprietors of groves have been obliged to replant.

The old, gnarled, heavily-leaning, silver olive trees, so much a feature of the Tuscan scene, have been replaced by bush types from tested clones and reputable cultivars. It is expected to be possible and profitable to pick olives after four instead of the traditional seven years. If this works out the current high price of the thick, greenish, tasty extra-virgin Tuscan oil should come down in a few years' time.



Every Victorian's Darling

Janet Marsh on the sale of a medal of courage

A FEW desperate hours in autumn 1838 made a simple Northumbrian girl into a national heroine. There is a reminder of her exploits on Thursday when the Gold Medal awarded to Grace Darling by the Royal Humane Society goes on sale at Sotheby's. Only 11 such medals were bestowed between the foundation of the society in 1774, and 1868, when a new design of medal was struck.

Grace was the only woman to be honoured. Her feat and her fame did much to inspire Victorian women with a new self-consciousness, that was in time to bring far-reaching changes in social and sexual attitudes.

Grace Horsley Darling was born on 24 November 1815, the seventh of nine children of a Northumbrian lighthouse keeper. When she was eight her father was posted to the outer lighthouse of the Farne Islands, on the barren Longstone rock. In this isolated spot Grace grew up.

On the night of September 6 1838, Grace and her parents were alone in the lighthouse: her younger brother was away helping with the herring fishing at Seahouses. A storm blew up, and in the early morning of the 7th, Grace and her father, watching through their telescope, saw survivors clinging to the wreckage of a ship that had broken on a rock called the Big Harcar. The ship was the *SS Forfarshire*, a paddle steamer that plied a regular run between Dundee, Tayside, and Hull, Humberside. She had left Hull on September 5, but on the following day sprang a leak in the starboard boilers.

By the time she reached the Farne Islands the *Forfarshire* was in serious difficulties, with the engines out of action and the boiler room flooded with hot water. Mistaking the inner Farne lighthouse for the further Longstone, the ship hit the Big Harcar, where, thrown in the air by the waves, she broke in two. The Master and many passengers were drowned.

Five survivors made off in a boat, leaving the others clinging to the ship's forepart, lodged on the rock. Mr Darling got out his little coble boat, but could not manage it alone. Grace, although slight and little over 5 ft tall, unhesitatingly joined him in the effort to row out to the wreck. Together they brought back the first group of survivors, whom Grace tended in the kitchen of the lighthouse, while Mr Darling rowed back for the rest, with the help of two men from the *Forfarshire*.

In all they rescued nine of the eventual survivors of the wreck. News of the rescue, and above all of Grace's part in it, rapidly spread throughout the country. The idea of a woman rowing a boat alongside a man, in the teeth of a dreadful storm, was dramatic and astounding to an age when the image of woman was of a gentle, domestic, compliant and sedentary creature.

As Grace's fame spread public adulation brought her gifts of all kinds. The Queen sent her £50 and Lloyds donated £20. Eventually some £750 – a fortune for such a poor family – was collected, and held in trust by the Duke of Northumberland, who was a generous patron.

In the charming Grace Darling Museum in Bamburgh, Northumberland, are dozens of fragments of a green tartan dress which was evidently cut up to satisfy requests for souvenirs. The impresario Edmund Yates offered Grace a large sum of money if she would sit in a replica of her coble and be drawn across the stage of the Adelphi Theatre, but she refused – an act that tended further to raise her stature in the eyes of the country.

However, two months after the wreck, the Theatre Royal Newcastle presented A Grand Panorama "representing the late melancholy Wreck of the Forfarshire, Painted by Mr Muir, from original Sketches and Studies made upon the spot by Messrs Parker and Carmichael..."

Grace and her family moved to Alnwick, where they were solicitously watched over by the Duke of Northumberland. The locals said however that she had "come there to die," for she had tuberculosis.

Early in September 1842 the London papers reported her death. The report was false, but soon afterwards, on September 20, she died, in her 28th year.

Along with Grace's Royal Humane Society medal, Sotheby's is selling a gold locket containing six different locks of hair, the curious offering of "a few gentlemen of Arbroath," and a lady's silver tankard.

This may be the "ornate silver mug" recorded as being donated by Lord and Lady Fitzclarence in 1838. The proper home for the medal, perhaps the most important relic of Grace Darling's historic heroism, is of course the Museum in Bamburgh. With an auctioneer's estimate of £20,000 to £30,000 however it is likely to be beyond the means of a small regional museum, unless some benefactor who shares the Victorians' admiration of their heroine, comes forward.

BRIDGE

THE BOOK *Safety Plays in Bridge*, by Terence Reese and Roger Trezel, has been reprinted by Gollancz in paperback at £3.95. A study of it will help you to make more contracts. Here the lesson is Care for Entries:

N
♠ A K J 5 2
♥ A J 10 2
♦ A K 2
♣ 5

W
♠ 4
♥ K 9 7
♦ 8 7 6 5
♣ A K Q 10 6

E
♠ Q 6 3
♥ Q 8 4
♦ J 10 9
♣ J 4 3 2

S
♠ 10 9 8 7
♥ 6 5 3
♦ Q 4 3
♣ 9 8 7

With North-South game West is dealer and bids one club, North doubles, South says one spade, and North's four spades closes the auction. West opens with the ace of clubs and follows with the king, which is ruffed with the two of spades.

It seems all right to cash ace and king of spades – this works if West holds both missing heart honours, but if he holds only the king, declarer is short of one entry to his hand for finessing twice in hearts. As he can afford to give up one trick to trumps, the safe continuation is to cash the ace of spades and follow with the knave.

East makes his queen and returns another club. South is careful to ruff it with the spade king and crosses to hand via the nine of spades, drawing East's last trump and finesses the heart 10. The queen wins and East returns the knave of diamonds. South takes with his queen, finesses the heart knave successfully, and the contract is delivered.

Replay the hand, cashing ace and king of spades. Your inability to get twice to hand for heart finesses will impress on you the necessity for the safety play in trumps.

The next hand warns us against a fatal overruff:

N
♠ 10 7 4
♥ K 6 3
♦ A J 5 3
♣ K 9 6

W
♠ A K J 8 6 2
♥ 10 8 2
♦ 10 4
♣ J 5

E
♠ 9 5
♥ J 4
♦ Q 9 6
♣ 10 8 7 4 3 2

S
♠ Q 3
♥ A Q 9 7 5
♦ K 8 7 2
♣ A Q

South deals at love all and opens with one heart, West overcalls with one spade, and North says two diamonds. The opener rebids three diamonds, North says three hearts, South goes to four hearts, and all pass. West makes ace and king of spades, East petering with nine and five, then continues with the knave.

If East throws a club, South ruffs, draws trumps in three rounds and fulfils his contract without any difficulty. But East, an expert, ruffs his partner's winner with his knave of hearts. Now the ball is in South's court. If he overruffs – and an average player would do just that – he will meet with defeat. East's uppercut has promoted his partner's 10 of hearts to winning rank. But a shrewd declarer discards a diamond instead of overruffing – why not? it is a loser – and has no further problem.

The seven of diamonds can be discarded on the king of clubs. Safety play must be part of the expert declarer's armoury.

E. P. C. Cotter

BOOKS

Another tilt at the windmill

Anthony Curtis on the man behind the adventures of Don Quixote

SHAKESPEARE AND Cervantes were contemporaries. Our Bard was born in 1564; the Spaniard in 1547, and they both died within 10 days of each other in 1616. They seem to have been unaware of each others' existence though rumours of Don Quixote had begun to spread even before it was published in an English version.

The first part of the novel appeared in Spanish in 1605, and in 1607 – as Jean Canavaggio points out in this biographical account of Cervantes – Shakespeare's contemporary Wilkins makes a *character, in a comedy* performed at the Globe, say:

CERVANTES
by Jean Canavaggio translated from the French by J.R. Jones
W.W. Norton & Co £17.95, 348 pages

"Boy, hold this torch for me, for I am armed and ready to fight a windmill."

That was five years before the first English translation in 1612 by Thomas Shelton. By then the Don had been fully assimilated into the English imaginative consciousness as he had throughout the rest of Europe. Part II appeared in Spain in 1615, a year before the author's death, and there were English translations of the complete work throughout the 18th century, including one by Smollett, reissued here by André Deutsch in 1986.

By Smollett's time the *adventures of the Don* were not merely a commonplace of literary allusion, they had become a pattern for the structure of the flourishing new form of prose fiction. *Although at the beginning of* the 19th century English Romantics like Byron *preferred to identify* with Don Juan rather than Don Quixote, in the 20th century the knight has made a prolonged comeback.

First, G.K. Chesterton saluted him in "Lepanto" – "Cervantes in his galley sets the sword back in his sheath/ ... And he sees across a weary land a straggling road in Spain/ Up which a lean and foolish knight forever rides in vain ..." and more recently Graham Greene turned him into a reluctant Monsignor. W.H. Auden – in a comparison with Melville's Ishmael – had no doubt that Don Quixote was "a representation, the greatest in literature of the Religious Hero, whose faith is never shaken ..."

Not everyone agrees with that approach. "It does not really matter very much," said Vladimir Nabokov lecturing at Harvard in 1951, "whether Cervantes was a good Catholic or a bad one; it does not even matter whether he was a good or a bad man ... What, however, does concern us is the book itself, a certain Spanish text in a more or less adequate English translation."

It is as a *text* with a hero whose knowledge of the world is filtered through another text (or texts, the literature of chivalry) that Don Quixote has re-surfaced most recently, for he emerges now as the patron saint of post-modernist and *magical realist fiction.*

The Mexican novelist Carlos Fuentes, a leading magical realist, *said in a lecture in* 1975: "Don Quixote comes from his readings and goes towards them: Don Quixote is the ambassador of readings. In his mind, it is not reality, at all, that interposes itself between his enterprises and reality: it is the magicians he knows through his readings."

The picaresque element in *Don Quixote* offered a distant model (via Fielding) to the first generation of postwar British novelists led by Kingsley Amis; but in the present period, obsessed as we are by "readings" and the way they condition our approach to reality, it is this aspect of Cervantes's great fiction, that seems more relevant. Novels like *The Satanic Verses, Small World* and Antonia Byatt's *Possession* are all primarily concerned with *readings* in this quixotic sense.

Thus today in Britain the life of Cervantes, and the literary tradition out of which he wrote his masterpiece, have a *fascination for the ordinary* reader almost as great as for the specialist student of things Spanish. And *it is hard to* imagine there can be anyone alive today who knows more about him than Jean Canavaggio, a Frenchman, professor at the University of Caen. His book, winner of the Prix Goncourt for biography in 1987, is thoroughly to be recommended as a highly informative and scholarly account of a life which seems to have been every bit as much a catalogue of disaster and frustration as that of Don Quixote.


Don Quixote on Rozinante with his faithful squire, Sancho Panza: drawn by Gustave Doré at the height of his fame in 1863

The only caveat to include alongside one's gratitude concerns Canavaggio's penchant for using the present and future tenses in tracing the progress of his hero: "Relations between Miguel [Cervantes] and *his fellow* writers will soon begin to intensify" etc. The trick – *more natural perhaps to* French – in English becomes tiresome through over-use.

Nonetheless we do learn to see Cervantes within the historical context as a *struggling* author in the period of Philip II and the Counter Reformation, and as the contemporary in Spain of Lope de Vega, Gongora, St John of the Cross. We see him losing the use of his left hand at Lepanto. We see him enslaved in captivity in Algiers (this part recalls the current Kirov ballet production of *The Corsair*). We see him on the other side of the fence, from Shakespeare, as it were, during the preparations for the Armada. Cervantes was then a tax-collector, trying to raise revenue for the naval adventure from farmers, and incurring great unpopularity, *culminating in a spell in* prison, for his pains.

Litigation dogs him on all sides like the plague, with his employers and patrons, his *publishers, his plagiarists,* his own family even. This included a wife and a mistress, a daughter and a niece, and many more all of whom frequently sponged on him. Canavaggio reveals how much of his experience of adversity was turned to good account not just in *Quixote* but in the poems, plays and exemplary tales which make up the remainder of his considerable output. It is a heart-warming story, on many different levels, of heroism.

Libertarian view of government as umpire

IT IS a curiosity in the history of ideas that the most profound and original political thinker in Britain in this century *should also be the least* understood and the most neglected. Partly, no doubt, this is so because his writings are *sometimes difficult, and partly* because the sceptical conservatism they express has never had a great appeal to the majority *of his fellow academics. Nevertheless,* it remains thoroughly incongruous that Michael Oakeshott – a thinker as radical as *Wittgenstein and a* writer as exquisite as David Hume – should be so little read and so little known.

The publication of the first full-scale study of Oakeshott's thought is, for these reasons, a welcome event. Franco's study – comprehensive, systematic and grounded in a minute knowledge of Oakeshott's writings – is undoubtedly an excellent guide to Oakeshott's thought. If Franco's book has a distinctive thesis, it is that Oakeshott's political philosophy is a restatement of liberalism in which the tendency to doctrinaire positions, so common in recent Anglo-American liberal theory, is avoided.

It is avoided in virtue of one of the most fundamental insights of Oakeshott's work – that liberalism, like any other political ideology, is not a foundation for political practice, but instead a distillation of practice itself. For Oakeshott, as Franco correctly *represents him, practice comes first,* in politics as in science, and the office of philosophy can only be to illuminate practice, and never to govern it. In this sceptical view, liberalism is not a universal truth or ideal, but rather the inherited tradition of a specific historic community. This is the central message of all of Oakeshott's work, stated most clearly in his most readable and accessible book, *Rationalism in Politics.*

THE POLITICAL PHILOSOPHY OF MICHAEL OAKESHOTT
by Paul Franco
Yale £20, 277 pages

As Franco shows, Oakeshott's sceptical conservatism is in its practical applications strikingly libertarian. For Oakeshott, the task of a modern government is not to achieve some ideal state of affairs, or to make progress in a project of world improvement. Nor is it to energize or orchestrate enterprise. *More modestly,* the task of a modern government is to provide a framework of rules and policies within which *individuals and* voluntary associations can pursue their miscellaneous and indefinitely diverse purposes. As for *government itself, it* has no purpose of its own – it is not devoted to expanding the gross national product, for example – but is best conceived as the umpire of a game in which it takes no part.

It is this Oakeshottian concept of limited government that is likely to be of most interest to the general reader, if only because it is so far removed from current practice. At the simplest level, it is in stark contrast with the corporatist fusion of government with business that was for a generation the practical reality of British conservative rule. But it is also a challenge to the neo-mercantilist aspects of late Thatcherism, with its habit of treating the autonomous institutions of liberal civil society, such as the universities and the professions, as little more than adjuncts to an economic policy of maximising productivity.

In a modern democracy, it is doubtless utopian to suppose that government can escape the task of reconciling the economic and the political cycles. It would nevertheless be a *hopeful augury* if, in the interludes of a form of political discourse dominated by questions of economic management, *there were to be heard the* sceptical and liberating voice of Oakeshott, with its conception of a limited government under the rule of law that imposes no ideal on its subjects, not even the currently pervasive one of endless economic growth.

John Gray

The sorrows of Lebanon

J.D.F. Jones enjoys a journey that ended in kidnap

CHARLES GLASS is a *journalist of high* repute, an American (half-Lebanese, half-Irish in background) *who has* specialised in Near East affairs. In 1987 he was kidnapped in West Beirut by the *Hizballah; after* 62 days he managed to escape. He was brave, and he was probably lucky.

This is the story not so much of his ordeal – which he modestly limits to a fifth and final section of the book – as of a journey through the "Levant" which was originally planned to take him the length of the Arab portion of the Ottoman empire, from Alexandretta to Aqaba. He travelled from the Turkish border via Aleppo to Damascus, Tripoli, the Bekaa Valley and so to Beirut where his journey was interrupted. On his escape he decided, not surprisingly, to go back to his family in London rather than carry on to Jerusalem and points south.

There are three books here. First, he ambles through towns like Alexandretta and Aleppo, Hama and Zhgarta, reporting at length his conversations and impressions, drinking brandy with the Armenian owners of *Baron's* in Aleppo (as does every self-respecting foreign correspondent), visiting Jane Digby's grave, lamenting the new ubiquity of frontier posts in the region – that sort of thing. Thirdly, he writes concisely and impressively about how he coped with two months of incarceration *in chains* – that ordeal of the late 20th century which all of us must sometimes wonder *how* we would survive.

But secondly, the real point of the book, comes *the* Lebanon, where Glass truly belongs and whose suicidal plight appals and fascinates him. (There is an unnecessary editing ploy where he takes us to the point-of-kidnap and then hauls away for nearly 200 pages.) "How had the Arab world's most advanced country – with the highest rate of literacy, four excellent universities, legal rights for women, a modern economy that supported both businessmen and poets, regular parliamentary and presidential elections, religious *tolerance, a free press,* lively theatre and music, modern hospitals, libraries, a bountiful sea and rich farms – become the most primitive?"

TRIBES WITH FLAGS
by Charles Glass
Secker & Warburg £16.95, 509 pages

Charles Glass does not really answer that devastating question, for all the breadth and expertise of his portrait of this beautiful and wretched country. He describes, in detail which some readers will find excessive, his conversations with a range of usually upper-drawer Lebanese around this theme; he appears to be most at home with the Maronites, though he shows that they are as prone to tribal blood feuds as any of their fellow countrymen. In the end "'It's all mad' I said, 'There is no good reason for the fighting . . . It is insane. People are dying for nothing.'" He must have been within an ace of dying himself. For an idea for a book.

Fiction

Mixed motives and meanings

The winner of the Strega Prize, *Night's Lies,* a highbrow Italian Booker, is an elderly man's novel with echoes of other recent Italians – Lampedusa, Sciascia, Calvino, even Eco; short, poised, mathematically balanced between ambiguities, and, although set in the last century, beautifully relevant to ours.

Four men on an island fortress are to be guillotined in the morning for plotting against the Bourbons. They are the Lenins, the Blunts and Philbys of their day, terrorists and idealists, spies and infiltrators moved by a longing for violence and adventure, or for a better world, for freedom and dignity. Mixed motives have brought them to a single end. Escape is offered to them all if one, whose identity will never be known, will betray their leader. In fact they betray him to the eavesdropping Governor with careless talk, for during the last night each man tells a tale from his own life. True, *invented, embroidered?*

Doubts gnaw at their resolve: is freedom worth *dying for when the unfree may* not want it? "To a longtime slave," Busalino writes, "the surprise of freedom can inflict an all but intolerable fit of vertigo ... this gift of liberty may appear, if not positively odious, at least irksome." This was written in 1988; have events since then reinforced the view? The fable fans out from its single episode on the scaffold to ask the great questions of life; but always implicitly and with the oblique deftness of the true writer who, however important his message, has no need to spit it in his reader's eye.

Spitting in the reader's eye is what *Lying Together* seems to be doing. The fifth and final novel in a series, is *Russian Nights.* Its predecessors, *Ararat, Swallow, Sphinx* and *Summit,* where similar mixtures of realism, dream, phantasy, and what seems the impertinent use of Pushkin, whose life and work are supposedly central to it all. Russian friends of D.M. Thomas come to London for an international writers' congress. Names are dropped; political names too – Raisa Gorbachev, Mrs Thatcher, who appear in tasteless sexual phantasies. At night, Thomas and friends get together to "improvise" on tape events in the lives of one another and of their friends, which will become this novel; with, sandwiched between them, excerpts from Kraft-Ebbing, *lumpish satire* about recognisable writers, dreams, a narrative of sorts – all put *across with an air that oozes* self-importance.

Overblown, turgid, humourless, *it has the energy and* upbeat qualities that have persuaded many of his creativeness; but its air of exclusive superiority, its smugness, the coarse efforts to take off contemporary mores, the inept characterisation and what seems like contempt for outsiders, including the reader, must repel as many.

Oddly, in the same clutch of novels comes another one set in an international writers' conference, a short satirical work as economical and exact as *Lying Together* is diffuse and misdirected. Swop the two conferences and Thomas's appalling loud-mouths are just the people ridiculed in Francis King's *Visiting Cards.* (Both *titles, incidentally, have double* meaning.) Amos Kingsley, its hero, is a literary nonentity *mistaken for Kingsley Amis* (who, again incidentally, appears in Thomas's novel as Kington Aimes), and appointed president of the World Association of Writers. As such, he is at the centre of uproar when a conference is held in a Far Eastern country where three writers are imprisoned. Will diplomacy get them freed, or will insults and demonstrations from a Swedish virago and her cronies do better? Insulted, neglected, kidnapped, escaping, naively negotiating, but mainly worrying about his vagrant wife Laura, Amos is a likeable hero in the Paul Pennyfeather mould – and to invoke Waugh is suitable, since the book is brilliantly funny, serious in its muted way, and totally successful in demolishing the humbug, the phony and the inflated.

NIGHT'S LIES
by Gesualdo Bufalino translated from the Italian by Patrick Creagh
Collins Harvill £11.95, 158 pages

LYING TOGETHER
by D.M. Thomas
Gollancz £13.95, 255 pages

VISITING CARDS
by Francis King
Constable £11.95, 224 pages

A TIME TO DANCE
by Melvyn Bragg
Hodder and Stoughton £12.95, 220 pages

A love story, though many attempt it, is hard to write. Describing what nearly everyone has experienced, it deals subjectively with what is private, off limits, not seen by others. So, what to aim for? How to convey the indescribable?

In *A Time to Dance,* Melvyn Bragg has made a brave, often moving attempt to write about a passionate affair. Written in letters, mainly his, briefly hers and his wife's, it seems contrived, as epistolary novels tend to be. Suspend disbelief, then. Someone has said that the girl, at 16, is young enough to be the narrator's granddaughter (he is 54). Biologically *yes, but socially unlikely. He is* a retired bank manager with an invalid wife of 60, and a *respectable small-town. North* Country lifestyle; she, from a noisy, working class, hard-drinking family – a sparky, clever girl with rape in her childhood and little family support. Hopelessly unalike, the pair nonetheless hope, as all lovers do, for communion, not just conjunction. And do they, will they, ever find it? The end, though ambiguous, seems set to be happy. Who can tell?

Isabel Quigly

Danger, doom and unrequited love

UNTIL recently short stories have been allowed to languish on publishers' backlists, so it's heartening *to see such a rich crop by writers of* quite different backgrounds and talents.

There's an atmosphere of doom, of the *past reaching into and strangling the* present in Edna O'Brien's *Lantern Slides.* A widow's romance is destroyed by rumours that she drove her first husband to suicide; a dutiful daughter plans a treat for her irascible father, but finds she cannot break through her own resentment to make him happy; the reunion of a married man and his mistress is clouded by the bitter memories of their breakup. The last, most ambitious story, *Lantern Slides,* with its echoes of James Joyce's *The Dead,* is about a surprise birthday party given in Dublin for a successful actress. The narrative moves from character to character revealing their thwarted desires, blighted marriages, yet ends with their hopes. But it is the failure of love which comes through most of these lyrical stories despite O'Brien's light touch, her humour and gentle compassion. She's especially good at capturing the dank backward *small towns of Ireland, their intolerance* and cruelty, fear and superstition.

In her first collection of short stories, poet *Lorna Goodison writes* about the underside of Jamaican society, its heartlessness and materialism, its class divisions, its provincialism, the double standard by which women are judged, but she also celebrates its spirituality and resilience. There are sad fables of unrequited love: "Shilling" is about a young innocent girl infatuated with a man who uses her to revenge himself on his girlfriend; In "Love Possessed" Dottie is so besotted with her handsome lover that she does not see that he is merely living off her earnings.

But in some of the best stories, Goodison shows us quiet victories over poverty and humiliation. In "I Come Through," a singer whose men have always mistreated her rediscovers her own worth when she returns to the rural village of her childhood. "Follow Your Mind" is about an impoverished pregnant woman who learns to trust her instincts. Goodison is an engaging *storyteller;* one imagines that these charming and wise vignettes would be even more effective read aloud. A very *enjoyable* and assured fictional debut.

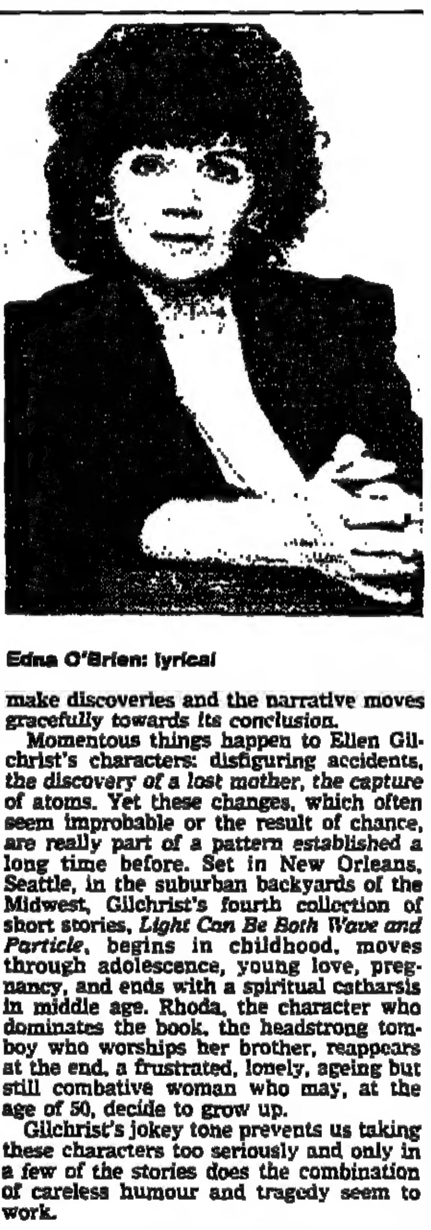
LANTERN SLIDES:SHORT STORIES
by Edna O'Brien
Weidenfeld & Nicolson £12.00, 215 pages

BABY MOTHER AND THE KING OF SWORDS: SHORT STORIES
by Lorner Goodison
Longman £3.95, 84 pages

JOURNEY OF A LIFETIME AND OTHER STORIES
by Gillian Tindall
Hutchinson £12.95, 164 pages

LIGHT CAN BE BOTH WAVE AND PARTICLE
by Ellen Gilchrist
Faber £13.99, 204 pages

The journeys in Gillian Tindall's collection, whether through time or across cultures and continents or into the unexplored parts of the psyche, are dangerous. From the familiar, the commonplace, characters are suddenly thrust into a land known only in childhood memories, in nightmares and fantasy. An Englishman who takes his temperamental Greek wife on holiday to her homeland is horrified when she puts a curse on a group of German tourists: a young naive English girl in love with India discovers too late the reality of the impoverished street people she finds so endearing; a man on a skiing trip with his family succumbs to the dangers he fears for his wife and sons. Though the stories in *Journey of a Lifetime* are very readable we want to know how they will end, what will be the twist this time – Tindall's ironic commentary and judgement can be intrusive. But in the best of these fictions she allows her characters to make discoveries and the narrative moves *gracefully towards its conclusion.*


Edna O'Brien: lyrical

Momentous things happen to Ellen Gilchrist's characters: disfiguring accidents, *the discovery of a lost mother, the capture* of atoms. Yet these changes, which often seem improbable or the result of chance, are really part of a pattern established a long time before. Set in New Orleans, Seattle, in the suburban backyards of the Midwest, Gilchrist's fourth collection of short stories, *Light Can Be Both Wave and Particle,* begins in childhood, moves through adolescence, young love, pregnancy, and ends with a spiritual catharsis in middle age. Rhoda, the character who dominates the book, the headstrong tomboy who worships her brother, reappears at the end, a frustrated, lonely, ageing but still combative woman who may, at the age of 50, decide to grow up.

Gilchrist's jokey tone prevents us taking these characters too seriously and only in a few of the stories does the combination of careless humour and tragedy seem to work.

Wendy Brandmark

Thrills, spills and spoofs

HAILEY HAS had to take a great deal of stick over the years, mostly from critics who argue that his work has gone into a steep decline since the early successes of *Hotel* and *Airport,* and who insist that it was never much good to begin with, anyway. He is a hack writer, according to this school of thought, an old pro who does the whole thing on autopilot, without any regard to the loftier preoccupations of contemporary literature. He even falls back on such unfashionable devices as a plot, which is not what the literati are looking for when they go shopping these days.

Be that as it may, his latest book, *The Evening News,* displays all the Hailey faults in abundance, all the virtues too. It is set in New York, in the newsroom of CBA television, a national network anchored by smooth Ivy Leaguer Crawford Sloane. Sloane's old friend from Vietnam days is Harry Partridge, a hard-nosed reporter who goes out and gets the stories that Sloane presents so slickly. They also have a mutual interest in Sloane's wife, once Partridge's girlfriend, now the mother of 11-year-old Nicholas Sloane.

Throw in a bunch of Shining Path kidnappers from Peru, *intent on ransoming* Sloane's family in return for several days of nationwide airtime to *put their point of view,* and you have all the ingredients of, yes, a formula novel par excellence, *just the job* for the beaches this summer. Say what you like about Hailey – that he doesn't write very well, that he hits you over the head with his research, that he pads the whole thing tremendously – what you are left with at the end is still a massive page turner, with sales figures that will be the envy of his highbrow rivals.

The Once and Future Spy is a different kettle of fish altogether, an up-market spy spoof which manages to be witty and engaging while at the same time satirising a genre that must soon pass into history, if it hasn't already done so. We are in the CIA here, *searching* for a mole, a mole who is jeopardising the CIA's plan to explode a nuclear device in Tehran and make it look like an own goal.

It isn't revealing much to say that the mole is a disgruntled Yale graduate, who combines a strong moral sense with a consuming interest in researching the last few days of an ancestor of his, hanged by the British as a spy during the War of Independence. The more he researches his ancestor's final movements, however, the more he becomes aware of parallels with his own case. The CIA, like the British, are closing in. They are out to get him; whether they do it by demolishing his hiding place with a wrecking ball, or by hermetically sealing him inside Yale's Beinecke library and *sucking out the air,* is all the same to them. His fate is sealed, one way or another, his story played strictly for laughs – and very successfully too.

THE EVENING NEWS
by Arthur Hailey
Doubleday/Souvenir £13.95, 318 pages

THE ONCE AND FUTURE SPY
by Robert Littell
Faber £12.99,294 pages

THE GOLDEN ORANGE
by Joseph Wambaugh
Bantam £12.95, 317 pages

WALL GAMES
by Michael Dobbs
Collins £12.95, 281 pages

The Golden Orange of Joseph Wambaugh's title is the gilded coast of Orange County, California, where the yachts come wall to wall and women either marry one of the richest 500 men in America or else don't marry at all. Tess Binder is one such, a good-looking divorcee who has the entrée to all the right clubs, but still has room in her life for a man or two, even a man who isn't in the top 500.

Step forward drunken ex-cop Winnie Farlowe, busted from his job as a ferry boat captain after a wild night at sea, and now propping up the bars on the waterfront. Tess swims into his life, he into hers. They go off into the sunset together, which would be all very well in any other novel, but not in one by Joseph Wambaugh. The reader spends the entire first half of the book wondering just what such a hard-nut author is up to. In the second half, all becomes clear. Tess is not what she seems, Winnie has got himself into very deep water indeed. The story comes together nicely at the end, but one can't help feeling that the author might have done better to plant his clues a little earlier.

Michael Dobbs's Wall Games is a routine cold war thriller set in Berlin just before the *coming down of the Wall. The* central character is Harry Benjamin, a young CIA man of German-Jewish origin, who has been posted to Berlin as a punishment. There he swiftly antagonises his boss and takes up with the glamorous Katherine, an East German refugee now married to a prominent West German politician.

The US President meanwhile is actively seeking re-election, while the head of the KGB is trying to sabotage an arms control agreement between the superpowers. To this end there are riots in Berlin, double agents, and webs of treachery and deceit. All of which is fine, but there is no escaping the fact that the author has been overtaken by events. Like moles in the CIA, the Berlin Wall and all its works are just so much dust now – or so one hopes.

Nicholas Best

ARTS

Saleroom

Paintings are top of the hit parade

Antony Thorncroft looks at the top 100 lots sold at auction and reports on the latest news from Madrid

THERE ARE many groups of enthusiasts – those for cricket sand popular music come quickly to mind – in which there is as much, or more, pleasure to be derived from mulling over the statistics spawned by their fancy as there is in the actual activity itself. So far the art market has been fairly immune to the chartists but as the auction records keep piling up this could change.

Just in this past week there have been record prices for an ancient coin; a Greek vase; a pink diamond and more. Here is a trawl through the hundred top lots sold at auction, (supplied by Christie's and measured in dollars) in a search for *surprising facts rather* than any serious artistic, or financial, pointers.

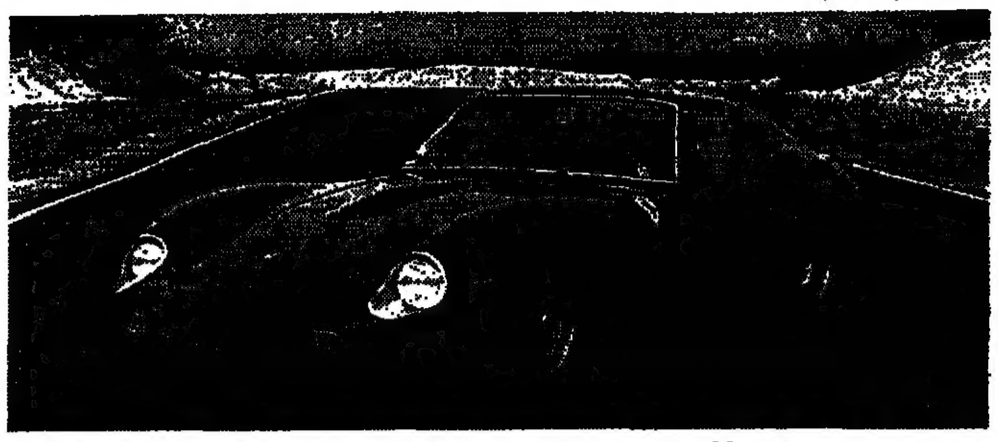
The most striking finding is that over two thirds – 67 to be precise – of the hundred highest prices at auction have been paid since January 1, 1989. Nothing could highlight better the recent boom in the art market. In fact the figure is already out of date. The Christie's list stops on May 21, 1990, the Monday after the big Impressionist auctions in New York which saw the two highest prices ever achieved in the saleroom – \$82.6m for a Van Gogh portrait and \$78.1m for a Renoir dance hall scene. Since then more records have been set, most notably the \$11m paid for a pair of Canaletto Venetian views in New York on June 1. This immediately entered the charts at 58, equalling a work by Gauguin, "Among the Lilies."

Another unflinching fact is the dominance of paintings. You have to descend to 41, and the \$12.1m paid for a Nicholas Brown desk in June last year, to hit an artifact. Let us forget that this price was paid by a patriotic American for an early item of Americana which would purse the lips of connoisseurs of French and English 18th century furniture. The fact of the matter is that in the last few decades pictures have taken over from works of art as the most desirable antiques.

It is a surprising turn around. At the start of the century Renaissance jewels; medieval armour; early tapestries; gold and silver plate; Islamic carpets; and illuminated manuscripts were all held in greater, *or equal*, regard. *Now the* painting – decorative, understandable, universal, homely – reigns supreme. As recently as 1983 the highest price paid at auction was for a manuscript – \$11.8m for the Gospels of Henry the Lion. This currently languishes at 44, and it would be hard to imagine the available artwork that would top a \$82.5m Van Gogh.

The statistics confirm another revolution in the art world – New York taking over from London as the key market place for the most costly items. Once again for two thirds (or rather 64) of the top hundred lots the hammer fell in New York, which accounts for five of the top six highest prices (at four is Picasso's "Les noçes de Pierrette" which sold in Paris). This is mainly because of New York's dominance in the Impressionist, modern, and contemporary picture area which has fueled the price spiral in art.

Here we start to enter art *history, and definitions. Still it* seems that 89 of the Top 100 consist of paintings completed since 1870, of which 85 were offered at auction as Impressionist and Modern works of art. The other four are a de Kooning, two paintings by Jasper Johns, and a Jackson Pollock, all post-1945 American abstract expressionists, which have risen so remarkably in price in the last three years.



In May Sotheby's sold this 1962 Ferrari for £6.4m in Monaco, a record for any car

Who are the star artists, those with most chart entries? Here money and artistic reputation part company, with Monet scoring an extraordinary 17 entries, way ahead of his accepted status as an artistic innovator and genius. However some sense appears in a breakdown of the figures. His highest entry is 14 and twelve of his works only feature in the bottom fifty of the chart. But even the second most commercially successful artist, Picasso, would not top every experts list as a hero, yet he hogs seven of the top twenty entries. Collectors' and connoisseurs' taste come together with Van Gogh who, as well as heading the poll, manages six pictures in the top twenty. Renoir *scores consistently*, with *nine* mentions overall, and five more appearances in the top fifty to add to his second place.

Of course there are explanations for everything. If an artist died young or produced few works; if most of his output is in museums, the opportunity for frequent chart entries is much reduced. That is why Seurat, for example, does not make the top hundred. There is also the fallacy of fashion. The record \$39.9m paid for Van Gogh's "Sunflowers" in 1987 (now number seven) lured out the record "Irises" (now relegated to third), which in its turn helped out the Van Gogh portrait of Dr Gachet. This also accounts for the Picassos which poured on to the market last year. The summer batch did well but by the autumn his appeal at the eight figure level was fading and expensive Picassos were conspicuously absent last month in New York.

Perhaps the most striking *feature of the chart is the* absence of Old Master paintings. The eleven lots out of the hundred which are not post-1870 paintings and sculpture *consist of the Nicholas Brown* desk; the Henry Gospels; a Bugatti, which made \$9.8m in 1987 (over hauled last month by a Ferrari); a high carat diamond; a painting by the American 19th century artist Frederic Church (at 94); a pair of Venetian views by Guardi; and a Turner "Seascape: Folkestone" (\$10m at auction in 1985 – later resold for £20m). Only four works which could be called traditional Old Masters made it – a Pontormo portrait at number nine, and, all with chart entries in the 60s and priced around the \$10m mark, a Renaissance bronze by de Vries, a Rembrandt, and a Mantegna.

Of course the best Old Masters are locked away in museums, but it is quite extraordinary how unpopular they are with the collecting rich as against their established reputation among art historians, and the public at large. The lack of Japanese interest is one important reason (others *include condition, size, subject* matter, authenticity and lack of availability). It has been Japanese buying which has pushed decorative works by Renoir and Monet to the forefront over possibly greater artists like Cézanne and Gauguin. *It is Japan which is home to* four of the seven most expensive lots sold at auction; which catapulted a painting by de Kooning into 17 in the chart; and which accounts for the high placing (at 30) of Chagall. If Japan widens its artistic horizons the Top 100 could look very different in another eighteen months time.

* * *

IS THE international art market on the skids, or rather that sector of it, Impressionist and Modern pictures and sculpture, which attracts the big investment money and accounts for well over 40 per cent of the annual turnover of both Sotheby's and Christie's?

The past week has seen some ominous developments. The leading auctioneers in Paris had pretty disastrous sales of 19th and 20th Century art last weekend, and on Thursday night in Madrid an important painting by Juan Gris, which was expected to sell for over *£2m and, ideally, set a new* record for this Spanish-born Cubist artist, failed to find a buyer.

It seems as if some of the investors who have poured into Impressionist and Modern art in the past three years now reckon that prices have temporarily plateaued – that their money can find a more fruitful home elsewhere, or just attract high interest in the banks. That, at least, is the view of Edmund Peel, whose auction house could not sell the Gris.

It was a bitter blow for Peel. In the last two years, he had organised steadily more successful auctions in Madrid, fuelled by the international marketability of such Spanish artists as Gris, Miró and Sorolla, and the growing band of Spanish domestic buyers anxious to turn their newly accumulated wealth into art. In March Peel set a record for Gris of £2m and at the same time a new high for Sorolla of £1.2m. He hoped to repeat the trick this week, but there was a deathly hush in the room in the Ritz Hotel, where the auction was held, and the packed crowd watched impassively, as well over half the 55 lots on offer went begging.

In addition to the belief that prices have gone too high too quickly, the fact that Spaniards have been forced to pay their annual taxes by Wednesday probably made potential bidders feel poor. And anyone keen to buy a good Spanish painting this week could have bid for a Sorolla scene of fisher girls on the beach at Valencia *at Sotheby's in London last* Tuesday. It sold for a record £1.815m.

There were successes in Madrid. A painting of a gypsy with a headscarf by Nonell, who taught and befriended Picasso and who bequeathed to his fellow Spaniard his Paris studio, sold for £367,000. Only a scarcity of works available on the market prevents the shortlived Nonell from being a £1m-plus artist. There was also a record of £392,000 paid for a painting of dancing gypsies by Anglada.

Sotheby's has withdrawn from holding auctions in Spain and Christie's hovers on the brink of organising them there. In the meantime, Edmund Peel is making his mark. He remains optimistic about a sale of Spanish contemporary art on July 5. Meanwhile, both Sotheby's and Christie's must be keeping everything crossed, as they prepare for their major summer sales of Impressionists and Moderns in London next week, *sales which include* important works by Picasso, Renoir, Degas and Monet. It could be a close-run thing.

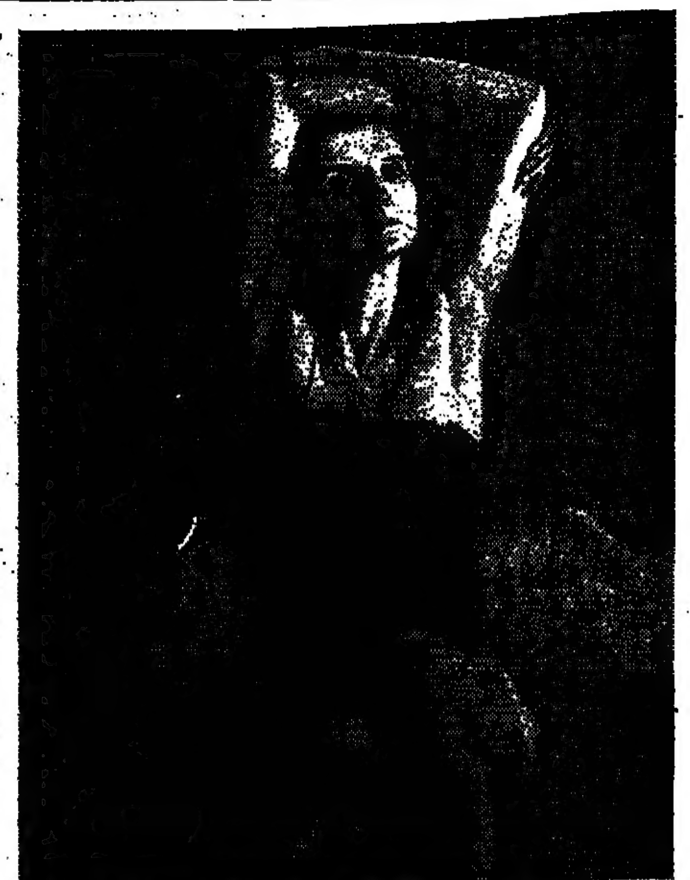
Value of portrait awards

The National Portrait Gallery's Award encourages young artists, says William Packer

THE NATIONAL Portrait Gallery's annual Portrait Award comes round again (until September 2), this time under the patronage of its new sponsors, British Petroleum. In the ten years since its inception, it has largely succeeded in its intention of encouraging younger artists to address the portrait. Long assumed to be merely the province of the specialist, it is now accepted as the legitimate concern of any serious painter, with the prospective patron quite free to approach any artist whose work he admires. As much was always true, but was necessary to point it out.

The Award became a valued institution, to be coveted by the artist quite as much for the prestige it conferred as for its bounty. While no longer quite so remarkable in terms of cash, for others have followed where it led, it remains a conspicuously generous and imaginative scheme, with the purse overall amounting to £18,500. £10,000 goes directly to the winner, who also receives, *hors concours*, a commission of £2000 to paint some desired notable for the national collection. It is good to know that BP has taken over the useful work begun by John Player, and engaged to continue at least for the immediate future.

The Award remains open only to artists of 40 and under, but certain potentially significant changes have been made in the practical arrangements. Most important is one made in the process of submission, that must affect the final judging. It was always desirable and has now been made possible for the works themselves to be sent in *at the earliest stage*, rather than be judged initially on the evidence of transparencies. I know from direct experience just how difficult it is to make a fair assessment of any work on the strength of slides, for scale and surface fall away and image is everything. The result was always something of a lottery, albeit an educated one, and I remember the relief at the second and final stage, on finding that the works called in were up to snuff.



BP Portrait Award winning self portrait by Annabel Cullen

The change was necessary and there can be no going back. But then how in the event has the show been affected? The answer is: not very much – it remains as strong as ever, well up to the quality of previous years and no less varied. The Award's natural constituency of support among the broad community of younger artists is clearly unlikely to be eroded, unless something goes seriously wrong with its future policies and direction.

But, all that said and accepted, the unexpected thought now nags away that there was something to be said for the slide submission after all, that had never occurred to me before. For all its dangers and deceptions, the slide does confer a curious equivalence, proposing the monumentality of the tiniest work along with that of the largest, there being often no knowing which is which. The result for the Award was that some of the smallest works so often proved themselves to be among the *strongest and most interesting* once they were given their chance in the narrower company of the final selection. There are smaller works this year, as ever, but none so outstanding and none among the winners. My point is only that in their physical presence large paintings naturally assert themselves, especially in a submission of many hundreds. The smaller works must be searched out *diligently* and to some extent protected if they are to be given their fair and proper chance.

Such is the caution rather than complaint. The Award exhibition is again the place where the prospective sitter may find his sympathetic, appropriate and inexorbitant artist. Alex Boardman, Helen Elwes, David Gleeson, Ross Henriksen and Ishbel Myerscough are among those of the near 60 exhibitors whose works I noted. As for the prize-winners, they deserve their success, the principals especially, the jury having placed them exactly right. Sara Rossberg, highly commended, has lately shown impressively in London and at the John Moores, in *Liverpool*, but this awkwardly composed self-portrait not quite her most successful. Martin Churchill is second with his portrait of another painter, Maria Chevska, a large image but finely drawn and delicately handled. And with her all but full-length self-portrait, sitting *deshabille* upon the bed with a reclining figure behind her, Annabel Cullen is this year's deserved winner. Quiet, sensitive and undemonstrative as it is, her painting is yet ambitious and truly monumental, an honourable essay in the great tradition of figure painting.

Radio

Some great lines

SHAKESPEARE'S *King John* is more quoted than played. It contains speeches like Salisbury's "To gild refined gold," the Bastard's encomium on "commodity," and, at the conclusion, the Bastard again in "This England never did, nor never shall," which young people must often have to learn by heart. There are smashing lines like Constance's "I will instruct my sorrows to be proud," and memorable phrases like Hubert's "Heat me these irons hot."

Radio 3's production yesterday used a fairly complete text, and brought me 2¼ hours of great joy. It was directed imaginatively by Clive Brill. He used current effects in his sound track that did not *distract from one's acceptance of* Shakespeare's narrative. Messengers might speak on the telephone or on public-address systems. The Bastard makes an entry on a motor-bike. There is a distant police-car siren. Why not? If such things had existed in 1589 (or whenever it was, even Professor Bullough can't tell us), they would have been at the Blackfriars, or the Rose (or wherever).

Jack Shepherd was a fine King John, an arrogant monarch to begin with, growing less confident as his troubles increased. John Warnaby did not make the Bastard too comic, Maggie McCarthy did not make Constance too sad. Arthur, I am sorry to say, was a girl, though a good enough one (Elizabeth Lindsay). I am no sexist, and the bit where Arthur struggles with the toughs Hubert uses to tie him to his chair nearly made me weep.

The incidental music was by a German group, Einsturzende Neubauten. Mostly it was percussion, with vocal howls, but they gave us a moment from the Trout Quintet. Apart from that, I hated it.

Radio 4's Saturday play, *Alpha Male* by Christopher Hedgethorne, set human social problems beside those of chimpanzees. Alec Ennis, an eminent primatologist (Iain Cuthbertson), is established in the African jungle with his second wife Jean and two assistants, Nikki and Andrew. An American visitor (Michael Feast, in American) shows more interest in Nikki than in the chimps. He ultimately dispenses with apes altogether and embarks on a book about Ennis and the mystery of his first wife's death in the jungle.

The author, who works at a monkey sanctuary (I am sure he doesn't think chimpanzees are monkeys) compares the humans' behaviour with the apes', concluding, after some predictable troubles, that apes are more natural than men. But we don't hear enough about the apes, though their voices sound constantly in the background, and I reckoned more might have been made of the comparison. Michael Fox was the director.

There's more of Africa on LBC, both of whose frequencies are giving Conrad's *Heart of Darkness* on Sundays. Their drama version, with the omnicompetent Tim Crook and Richard Shannon as adaptors, directors, producers and (partly) cast, relies rather heavily on the book text; even Gerard Murphy as Marlowe sounds as if he were reading it. But it grows more exciting upriver – and hooray for all drama on independent stations.

This week's *Hindsight* (Radio 4, Wednesday) dealt with the Woolfenden report on male homosexuality. It dealt faithfully with the antecedents to the report – though without mentioning the 1958 debate in the Lords or the Home Secretary Maxwell-Fyfe receiving a [illegible] Robert Boothby and Desmond Donnelly. Polly Toynbee's guests were Anthony Gray, Matthew Parris and Simon Watton, who all agreed that more had to be done to combat prejudice. Homophobe Tories, gay Lefties was the perceived political situation of our day.

Laurence Alster's little teasers, *Best Avoided*, (Radio 4, Tuesdays) are appropriately named. I have heard one about having a haircut, one about the incidental boredoms of travel by air. I've heard it all before, and so has everyone else.

B.A. Young

ARTS

Oh! Calcutta! India's European city

***Colin Amery** is enthralled by the exhibition at the British Museum*

CALCUTTA, CITY of Palaces is both a clever name for an exhibition and something of a misnomer for the beautiful show the British Library has put on in the King's Library at the British Museum until the end of September. The organiser, Mr J.P.Losty, has written a book to accompany it: *Calcutta, City of Palaces, A Survey of the City in the Days of the East India Company 1690-1858*, (British Library and Arnold Publishers, New Delhi).

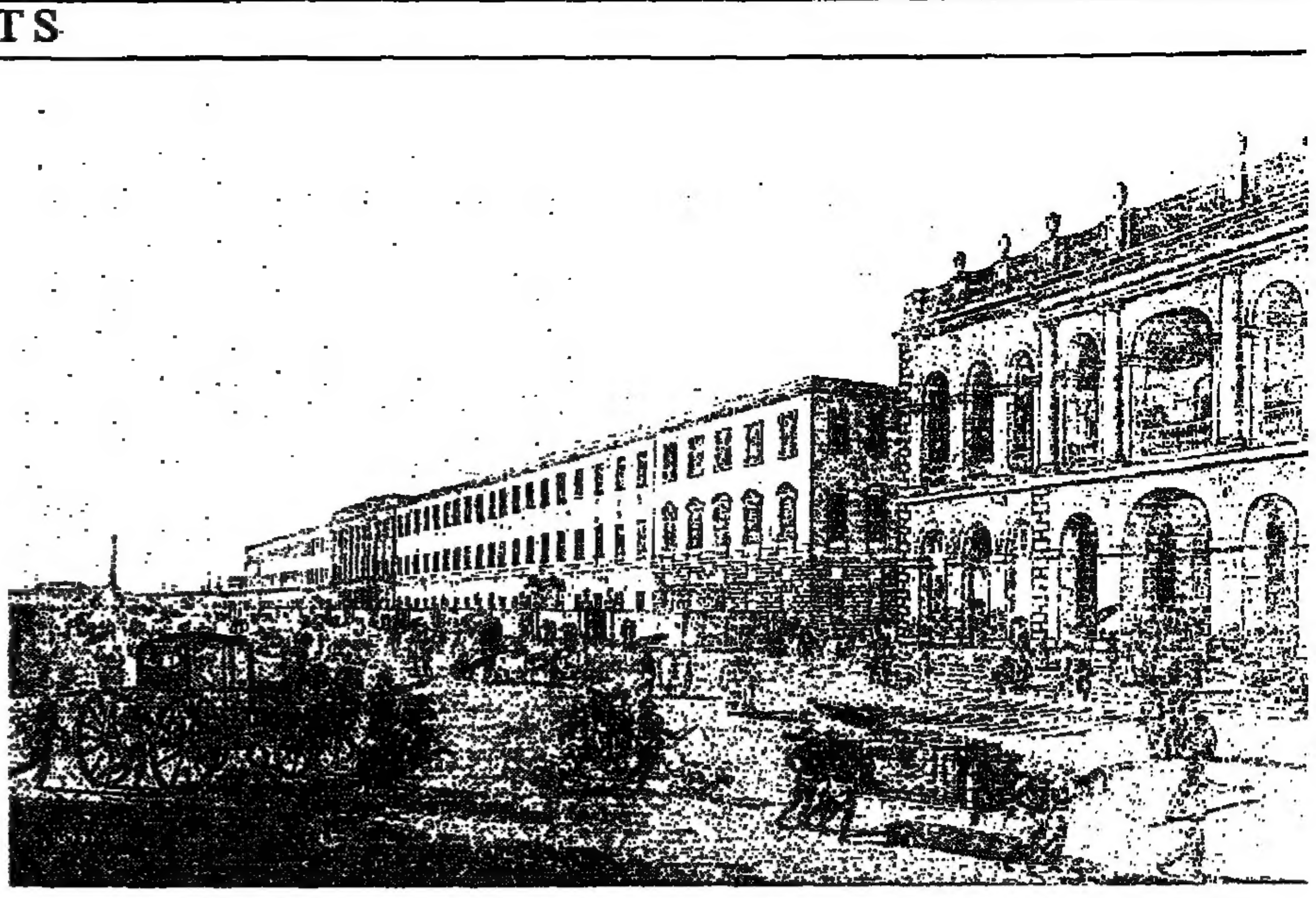
Of course Calcutta, which celebrates the 300th anniversary of its foundation this year, is full of palaces and was the second city of the British Empire. Today we think first of the squalor and pain of "The City of Dreadful Night." Using the resources of the India Office Library and records (now part of the British Library) the organisers have arranged a pictorial history without precedent, of interest to any lover of Imperial history but also to anyone anxious to understand the history of cities.

I remember being amazed at the European character of Calcutta. A great deal of the palatial classical splendour remains at the heart of this hectic and over crowded city and to anyone who has been there it is a revelation to look at the well documented records of an European city in India before the invention of photography. The records of the East India Company and its servants and the travel literature of the period 1770–1830 are a fruitful source of information and comment; there is a distinctive confidence about the views of the early residents who transported to India an exact replica of English provincial life.

Most fascinating are the paintings and drawings by Indian artists, who look at European life with a cool eye. "Lady Impey with her servants" is a telling view of a late 18th century bedroom transferred to other climes and filled with 20 Indian servants. Dances at Government House and plays at the theatre look as though they are taking place in Bath or York.

Maps and plans are supported by the diligent work of artistic observers of the city. These vary in quality from the skilled hands of Zoffany and the Daniells to more primitive local amateur artists, both Indian and European. I loved the mixture of fine classical architecture, which spread from Government House along the river and the Maidan, and the dark skinned natives who are sometimes the only indication that this new city is not in Europe. Job Charnock, Marquess Wellesley, Warren Hastings, Bishop Heber are all vividly present in portraits and letters; but it is the everyday life of the average (successful) European that is so tellingly portrayed.

I would have liked to know more about the specific architectural history of the palaces, and there is a shortage of information about exactly how such a grand city was built. But the story of British Calcutta is well told and the staggering nature of its achievement in such a hostile and unhealthy situation must never be underestimated. This exhibition with its accompanying book is enthralling and not to be missed.



The North Side of Tank Square with Writer's Buildings and the Old Court House; coloured engraving by Thomas Daniell, 1786

Heavy footed emotion rattling

***Clement Crisp** fails to appreciate 'le style Edam'*

NEDERLANDS Dans Theater has sent its junior group, NDT2, to *Dance in Glasgow*, a season of "contemporary dance" at the Theatre Royal. The contemporaneity of these Dutch offerings – two programmes which I saw earlier this week – begs a good few questions.

The look of the ensemble and its dances is one propounded by practitioners of the art in the early 1970s: it is anxious, heavy-footed, muscularly earnest. There is always a great deal of emotion rattling about the stage, and in several of the ballets, the initial view of the young dancers (18–24 year old apprentices for the main company, and only one of them Dutch) is very characteristic of the parent troupe. Facing up-stage, they progress towards whatever slough of despond their choreographer has mapped out for them, looking for trouble. And, be sure, they find it. And eagerly let us know its geography.

The style is influenced by the choreographies of Jiri Kylian, artistic director of NDT, and in Nacho Duato, who provided three pieces in the season, Kylian has a devoted (not to say slavish) disciple. After two evenings of *le style Edam* there comes a feeling of being trapped in a series of *déjà vu* phenomena. We have already seen ballets that begin with the cast tramping up-stage; seen the girls' dull long dresses and the basic shirts and trousers of the men; seen the minimal and dispiriting sets; seen the anguished and yearning arms and the girls' feet paddling under their skirts; become aware that what we are watching is dance's equivalent of the Week's Good Cause.

All NDT2's causes are frightfully good. They include the Amazon rain forest, the plight of Catalonian farmers, men at war, social outcasts, put-upon peasantry. And their tragedies are told in what seems the same wrenching, writhing dance manner, with women occasionally man-handled by two fellows, girls collapsing in despair to the ground, and much inspirational gazing into the distance after bouts of strenuous activity.

I had some difficulty in finding differences between Duato's three pieces in the programmes, though his use of Villa-Lobos songs for *Na Floresta* provided a most happy musical discovery. (His realisation of Ravel's *Chansons Madécasses* I thought insensitive.) Kylian's *Stoolgame* – a killer "idolizes his victim" – wears its 16 years very badly and has a score like mating call of an air-conditioner.

Very hard indeed to take was *Innostress* by Ohad Naharin with a non-score by Brian Eno and David Byrne, which was frenetic and incomprehensible about war. (Why did the returning hero strangle his lady-love as the curtain fell? I neither know nor care.) Naharin also produced a quirkily amusing duet, *Passomezzo* for Karina Silverio and Kirk Ryder who were scatty to renaissance tunes and indulged in a manic courtship ritual.

The revival of Hans van Manen's *Septet Extra*, an alleged comedy ballet, did nothing for its young dancers. The jokes are leaden and imposed upon Saint-Saëns jolly trumpet septet and his *Etude en forme de valse*. The cast indicated that they were having a whale of a time with grimmest determination: I don't think I understand Dutch humour. And, perish the thought, these programmes may have been elaborate Pooter-ish japes about dull choreography, which I also failed to appreciate. Oh dear.

Nederlands Dans Theater 2 in a revival of Hans van Manen's 'Septet Extra' in Glasgow this week

Britten's Dream

WITH THE swish of a gauze curtain and a billowing cloud of dry ice the old John Piper sets for *A Midsummer Night's Dream* were in front of us again. Those who came to love Britten's opera through them in its early days at Covent Garden will feel half nostalgia, half relief, at seeing them unexpectedly restored to use. The visual style may look dated now, but Piper's designs still work their magic.

Not least, one might add, when the opera is taking place on midsummer night. The Royal Northern College of Music has chosen the work for its end-of-term student production and is to be applauded for using the occasion to keep an important example of British opera design from the 1960s in active service. The whole evening looked and sounded remarkably true to the spirit of Britten's original conception.

The conductor was Christopher Gayford and the producer Joseph Ward, who sang the role of Starveling at the opera's première. His new staging, on the cute side for some tastes no doubt, preferred to leave the underlying sexual and mystic tensions of the piece undisturbed, though that may be for the best in providing a showcase for student performers. With the one reservation that the words were not always audible, the RNCM has fielded a team with no weaknesses and a few real strengths.

The high standard of the four human lovers was particularly encouraging. These are awkward roles, difficult to give much personality. But Linda Richardson, a soprano of some vocal class, led the quartet with a beautifully sung Helena and was partnered by a notable Demetrius in the firm and warm baritone of Paul Whelan; while Diane McNeillis's spirited Hermia and the Lysander of John Daszak, a sensitive Britten tenor in the making, were hardly less promising.

On this occasion the balance was shifted away from the kingdom of the fairies, who invariably steal one's attention. Neither Susan Roper's Tytania nor Simon Clulow's Oberon found much depth in their roles,though each had something to offer, she in her outgoing character, he in his carefully-produced singing.

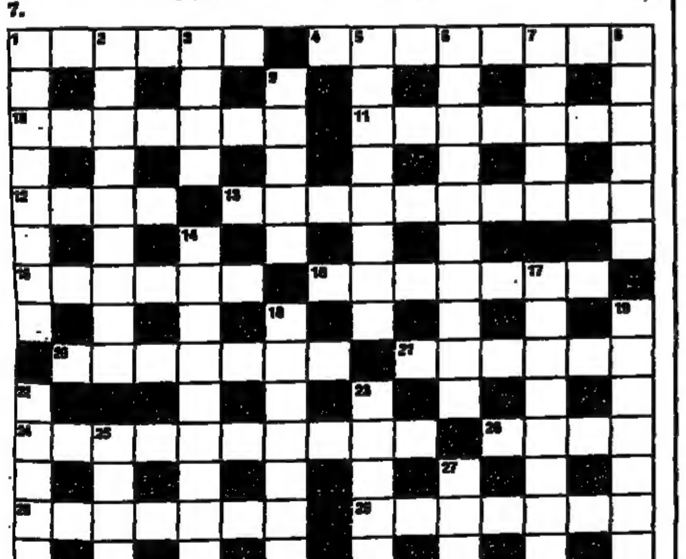
Andrew Slater was a most entertaining Bottom, alert and intelligent, making sure his words came across the footlights. Indeed, all the mechanicals were real individuals who worked with brilliant timing as a team. Every time "Moon" appeared, the audience collapsed in helpless merriment at a comic performance acted out with unbridled hilarity. Here is one opera student who is quite possibly heading for another profession entirely. Further performances on Sunday, Wednesday and Friday.

Richard Fairman

CROSSWORD

No. 7,271 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday July 4, marked Crossword 7,271 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 7.



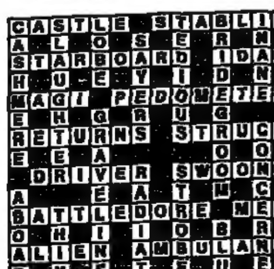
ACROSS

1 Bottom, we declare (6)
4 How unlucky, hire-tent collapsing! (8)
10 Train to run true to form (7)
11 Spring-lock (7)
12 Club for evening out? (4)
13 Cranks taking better half to the city .... (10)
15 .... its architectural style achieved here, classically (6)
16 His boat wrecked by charted lines (7)
20 Fools gold? New types round Rhode Island! (7)
21 Bobby's first quarrel – in the cart? (6)
24 Nice, perhaps, for a dip about four? (3-7)
26 Fast parliament? (4)
28 Private eye who covers Oxford, say (7)
29 Laundry-bay (3,4)
30 Specific counteragent (8)
31 He received his rents mid-month (6)

DOWN

1 Gains of women taking spell at wicket (8)
2 Fit to take off, but windy about value (9)
3 Flightless creatures in the museum (4)
5 Difficult person in uphill action (4,4)
6 Climber in garden, athlete takes pulse (6-4)
7 Showy effect of starters of event, coming late to tape (5)
8 Try on a shift, like a solicitor? (6)
9 Rascal conducted himself in retrograde fashion (5)
14 Petered out, we hear, in car that is wrecked externally (10)
17 Ends of foreign tramlines (9)
18 Trains on time, bringing packing-case? (8)
19 Bird-watcher, spasmodically (8)
22 Spot Mark Brand? (6)
23 View of sixes to all openers? (5)
25 Introduce grant (5)
27 Hail the day up in old Chester (4)

Solution to Puzzle No.7,270



Solution and winners of Puzzle No.7,259

P.M. Deaves, Harborne, Birmingham; Mrs N.H. Hall, Newcastle upon Tyne; C.M. Kennedy, Canterbury; P.K. Vandore, Edinburgh; T. Wheatcroft, London SW3.

Records

Schubert journeys and partnerships

TWO NEW records from Decca, a recital of small pieces and a version of the *Schwanengesang* amplified with additional late songs, demonstrate András Schiff's great gifts as a Schubert pianist. Notable among them is simplicity. His playing is unfailingly beautiful, limpid in tone, singing in line, wide in colour range, intimate in manner (on both records Schiff's Viennese Bösendorfer piano proves the ideal instrument) – but never self-consciously arty.

He can show deep seriousness, an awareness of sudden dark drama, as every performer of the mature Schubert must, without becoming ponderous or dry, without lecturing or editorialising on the profundities of the music. He never loses touch with the popular or domestic sources of Schubert's inspiration, the *Hausmusik* melodies and café dance rhythms transformed and developed by genius: the bounce and lift of the bass-line attests to the "animal," physical roots of the pianist's response. As in a Schubert performance by Schnabel, Curzon, Serkin, Richter, or Annie Fischer, each piece becomes under Schiff's hands a journey, and new vistas – sometimes elating, sometimes surprising, occasionally terrifying – are unfolded on the way.

The collection of piano pieces (Decca 425 638-2) has the second set of Impromptus, D935, as its main offering, alongside the Three Piano Pieces, D946, the 12 Ländler, D790, and the C minor Allegretto, D915. Comparison with a CD reissue of Daniel Barenboim's 1977 accounts (DG Galleria 415 849-2) of both sets of *Impromptus*, D899 and D935, is instructive. Barenboim's A flat Impromptu from D935 takes two whole minutes longer; the added length is not heavenly but burdensome. On the older record the playing, though often impressive, lacks freshness; one's attention tends to be nudged toward striking changes of harmony or texture. In the three-against-two rhythmic tricks of the fourth of the D935 set, the F minor, Barenboim is hefty, Schiff pure dancing delight.

Schiff's singer in the *Schwanengesang* (Decca 425 612-2) is Peter Schreier. This partnership, forged in recent years at the Hohenems Schubertiade, is now absolutely secure: on the evidence of these quite extraordinary performances, it has gone light-years beyond the usual voice-and-piano combination. Schreier's mature tenor, a lean, rather unsensuous instrument, touches the words with insights that glance light but go deep – in "Der Doppelgänger" the nocturnal scene is set with chilling poetic economy – and are answered by Schiff with lightning directness. Occasionally (in "Abschied" and "Die Taubenpost") I found myself wishing for warmer, fresher vocal colours; most of the time, though, I was too much caught up in the shaping of each song to notice their absence.

The advantage of high-voice Schubert – the songs kept in their original keys – is emphasised by Olaf Bär's new *Schwanengesang* set, also filled out with extra songs (EMI CDC 7 49997 2). It is less in Bär's lyric baritone than in the piano parts that one feels the undue weight of the necessary downward transposition on the music – and this in spite of Geoffrey Parsons's immense Schubertian experience. Bär himself was caught in less than best condition in August 1989, when the recording was made; the voice sounds worryingly breathy and unfocused at the lower dynamics. He is an artist of such natural, unfeigned responsiveness to Schubert that vocal vagaries matter more than they would in the work of a less open Lieder singer. By the side of Schreier and Schiff this *Schwanengesang* seems unformed.

The latest EMI set of *Die Winterreise* (CDC 7 49846 7) is wholly formed, indeed delivered with utmost authority and conviction. It is the character of that conviction which worries me. The singer is Brigitte Fassbaender, the pianist Aribert Reimann, and high, hair-raising passion their united object. Miss Fassbaender is one of the most impulsive, spontaneous, communicative Lieder singers before the public; I expected to be swept away by her unfolding of the great epic – and was, to begin with, since each word is filled with such electric urgency. But the vibrant vocal throb, delivered complete with dark chest-register plunges and risk-taking forays into the mezzo's now rather uncontrolled top, soon leads to diminishing artistic returns: each song tends to be covered in the same heavily seasoned emotional sauce. I felt badgered, hectored, got at, by this *Winterreise*; others will no doubt hear it quite differently. Certainly, it is no routine reading.

Routine is also far distant from the Brahms-Weber record (Virgin Classics VC 7 91076-2) that puts together the unexpected but quite marvellous chamber-music team of Michael Collins and Mikhail Pletnyev. Mr Collins, the leading young British clarinetist of the day, plays the two Brahms sonatas with a rare blend of cool elegance and fine-filigree delicacy, and his superlatively well-equipped Russian piano-partner responds exactly in kind. At first, in the F minor Sonata, the impression is of detachment; it proves in the best way illusory, since the avoidance of Brahmsian stodge does not mean the lack of Brahmsian sensitivity. The clear-eyed tenderness of the E flat Sonata is glorious: the Weber Grand Duo Concertant completes the programme in exhilarating style.

Max Loppert

Chess No. 827:
1 a7 Ra1 2 Rd2+! wins after 2 ... Kg1 3 Rd1+ Kxd1 4 a8Q or 2 ... Kg3 3 Rd3+ and 4 Ra3.

SPORT

World Cup Soccer

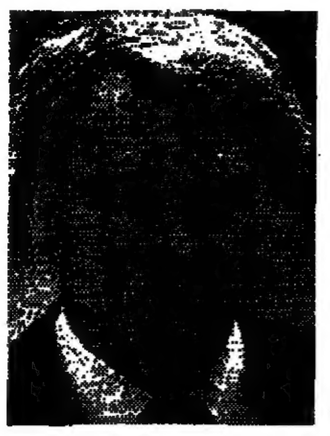
Treat the form book with caution

THE WORLD Cup starts today. The first 36 games have cleared out the eight most inept teams and arranged the draw for the last 32 matches in the knockout phase. It has also given players a chance to collect injuries and bookings which will make life more complicated later.

As a form guide the first phase must be treated with caution: it has proved unreliable in the past. The matches so far have confirmed the pretensions of two of the pre-tournament favourites, Italy and West Germany, who both played some very impressive football to win their groups, while leaving the potential of a third, Brazil, unclear and raising doubts about the ability of Argentina, the holders, and the Netherlands, who are European champions, to add another cup triumph to their collections.

Both finished third in their groups which means that neither has the luxury of waiting any longer to rediscover their best form. Argentina now face Brazil and the Netherlands play West Germany. One sign of the strength of Azeglio Vicini's squad is that injuries have simplified his team selection rather than complicated it. A knock to Gianlucca Vialli meant Vicini could bow to public pressure and play Roberto Baggio, Italy's darling, against

Charlton: Grit and resolution



Robson: Smiling through

Czechoslovakia.

Baggio made himself very difficult to drop by scoring a dazzling goal. Vialli, who Vicini clearly prefers, is now fit. But Roberto Donadoni is hurt, so Vicini can avoid a nation's wrath by slipping Baggio into Donadoni's midfield position.

Italy have had some difficulty turning good football into goals, but Uruguay, who they play on Monday have carried that fault to absurd extremes.

Uruguay's defence was ripped to shreds by Belgium with only ten men. Italy have more than enough offensive talent to do the same.

If Italy win they will face the winners of the match between the Republic of Ireland and Romania, whose best player, Marius Lacatus, twice-booked, may well be suspended. Romania must be precisely the sort of team Jack Charlton and his beefy braves dream of roughing up.

The Italian sporting prints have been entertaining themselves at the expense of West Germany. The Germans, they say, are worried because they have let in three goals and single out the creaking form of 33-year-old Klaus Augenthaler. On the rare occasions that Columbia carried play near to the West German goal they tied Augenthaler and his fellow defenders in knots with their intricate interpassing and dribbling. Their goal also raised questions about Bodo Illgner, the German keeper, who twisted his head away as Freddy Rincon shot and lifted his leg to let the ball slide underneath. A goalkeeper who cannot get his hands to the ball can stop even the strongest team winning the cup.

In attack West Germany have looked immensely powerful. They have no lack of potential goal scorers. Sometimes the way they move the ball upfield has an element of painting by numbers, with 40-metre passes clipped from the centre of the back four out to first one wing then to the other.

Although their football is frequently breathtaking the Germans are a difficult team to like. They have a strong streak of thuggishness, which has been absent from the Italian team, and bicker relentlessly with referees.

The Netherlands can draw encouragement from the knowledge that they are the last team the Germans will have wanted to face in this round. They had the worst of their last game against the Republic of Ireland but did what they had to do to qualify and, ominously, Ruud Gullit looked close to his best.

Furthermore this is pretty much the team which beat West Germany 2-1 in the 1988 European championships, and which finished above the Germans in their pre-World Cup qualifying group. If the two teams play to their form of the last two weeks the Germans will win. But if both play to their potential then the Dutch will.

Brazil, the third favourites, have so far kept their powder dry. They are another team which have seemed short of scoring power, over-reliant on the marksmanship of Careca.

Just as Germany will have wanted to avoid the Netherlands, so Brazil will not fancy facing their old foe Argentina. Their chances rest almost entirely on the battered legs of Diego Maradona and in the unsafe hands of Sergio Goicoechea, the reserve keeper. The signs are that at 29 Maradona's body can no longer meet the demands he places on it.

Two of the stronger outsiders, England and Belgium, meet in Bologna. Belgium have been involved in a couple of the most entertaining matches in part because while they are a team of great virtues they also have serious flaws, notably in their defence – the strongest element of England's play. Bobby Robson's decision to introduce a five-man defence for the first time for the match against the Dutch, which suggested he had been watching Italy and Germany on the television, took courage.

At the other end of the field Robson has problems. His team is loaded with what he calls "flair" players but against Egypt only Paul Gascoigne flared brightly. John Barnes looked very good against Ireland although, as he complained afterwards, he only had the ball half a dozen times. Against Egypt he received the ball more often in the first ten minutes but clearly he was not interested in dribbling at the massed defence.

Robson's other dribbling winger, Chris Waddle, again looked lost. He has been given licence to go anywhere on the field, except the place where he is happiest: the left wing. That is reserved for Barnes. In the end England scored against Egypt with a headed goal following a free kick. It was far from impressive but it gave them first place in a group like an assault course.

The most appetising element of the match against Belgium is the meeting in midfield of Enzo Scifo of Belgium, who at 24 seems finally to be fulfilling his immense talent, and Gascoigne.

The prize is an enticing quarter final against the winners of tonight's opening second round match between Cameroon and Colombia. The very presence of these two teams in the second round, along with Costa Rica who play Czechoslovakia in Bari four hours later, shows why only fools make World Cup predictions. The way things have gone so far, two of these teams could be squaring off in Turin on July 4 for a place in the final against, deep breath, Italy.

Peter Berlin

There they go... again

LATE LAST Saturday, after the match between England and the Netherlands in Cagliari, the bus was packed with England fans returning to one of their camp sites.

A high proportion had been on the march to the ground six hours earlier which had ended in a flurry of bricks and batons. Many say they were among those gassed and held briefly at gun-point in the petrol station used as a makeshift jail.

They are in Sardinia to have a good time and having a good time here involves the same impoverished components as it does back home: hanging out with your mates, going to football games, drinking a lot, maybe taking some drugs, a little casual vandalism and tweaking the nose of authority.

A squat middle-aged Sardinian represents authority on this bus. He moves through the fans trying to collect fares: L3,000 (£1.50) - for a 30km ride. They give him the treatment any English bus conductor would recognise. The very first fan insists, even though neither party speaks a word of the other's language, he will only pay L750, the regular fare. The next argues that the bus should be free. Others, having hidden their money, then empty their pockets with doleful expressions.

They distrust authority. One of the last fans left on the bus looks haggard and tired. He asks if anyone knows a of a doctor. "I've broken my arm." Is he sure? He holds it up. There seems little doubt. "I got hit with a truncheon, it was either my arm or my head." He has been to the hospital, but when he was asked how he broke his arm he left. He is certain he would have been arrested by the Polizei. Tonight he will put up with the pain.

This is the creed of the English fan: be brave and stand up for your mates, because nobody else will.

The real madmen are only a small, but significant, minority of the fans. At the other extreme is a larger minority of genuinely well-intentioned fans striving to avoid trouble. Between the two are the majority: the toughs of a thousand playgrounds. They dress like hooligans. Shaven-headed and tattooed, they are furious at being branded hooligans, yet bask in the notoriety.

Many fans are relishing the World Cup and the chance to make friends through their passion for soccer. But saddest is the contingent unable to enjoy being abroad. They take pride in not being able to understand the lingo, and moan all the time that the locals are ripping them off.

Too often the Union Jack shorts and the England flags in which they wrap themselves are armour against foreigners. England fans, please do not touch.

P.B.

Wimbledon's teaser

Can Lendl win? And what's wrong with Boris Becker? John Barrett reports

THANKS TO a teasing draw, the 104th Wimbledon Championship meeting, which begins at the All England Club next Monday, seems likely to answer a few intriguing questions.

For instance, there are question marks above the heads of all four of the top men's seeds. Is the new Ivan Lendl, who looked so impressive in beating both John McEnroe and Boris Becker to retain his Stella Artois title last Sunday, truly confident at last on grass, or will the pressure of trying to win at Wimbledon for the first time find him lacking?

Is there something amiss with the champion, Becker, who was unusually tetchy last week at Queen's and refused the BBC's requests for a television interview? Boris flew to Germany following his losing final and did not return to England until last Thursday. This is totally out of character.

Can Stefan Edberg recapture the fire and intensity that won him the Wimbledon title in 1988 but was so sadly lacking in Paris where he slumped to a first round defeat at the hands of the young Spaniard, Sergi Bruguera? The evidence at Queen's, where Becker beat him comprehensively in the semi-finals, suggested that perhaps he cannot.

How will McEnroe cope with five-set matches again, remembering that last week's tournament was his first competitive tennis since mid-February?

Although Lendl has been lucky to avoid early trouble in last Tuesday's draw (he should be too good for Leconte, and Courier or Krickstein if they survive), it is unfortunate that Edberg has been thrown into his half. Last January I sat on court during their Australian Open final in which Edberg was forced to retire with a stomach injury after he had won the opening set and served for the second.

Lendl that day, I can assure you, was a very worried man who would surely have lost against a fit opponent.

However, after meticulous preparation with his coach Tony Roche – all of this on grass – Lendl has never looked more at ease on the surface. Nor have I ever found him more relaxed. He really believes this will be his year.

Becker has been given a difficult task. His potential opponents include Wally Masur, the tough Australian who eliminated McEnroe a couple of years ago, the unseeded American Dan Goldie, who reached the quarter-finals last year, and then either the rejuvenated Frenchman Yannick Noah or the unseeded former champion Pat Cash.

Beyond them lie the seeds Gilbert and Svensson, but do not be surprised if 21-year-old David Wheaton emerges from this section. I believe this 6ft 3in American, who was a quarter-finalist at Melbourne and won his first tournament this year at Kiyawah Island, is the best outsider in the draw. Becker's opponent in the semi-finals is forecast to be Mayotte, Sampras, Korda or McEnroe. None of them would be easy.

While all this would be well within the compass of a normally fit and properly prepared Becker, I believe that Boris is going through a difficult period of personal readjustment.

He has admitted to periods of utter depression, moments when he has pondered the futility of chasing more titles and more money. He has even thought about ending it all, he says. For everyone's sake I hope that Boris can focus properly on the task in hand for, at his best, this superb athlete with the powerful game that is tailor-made for grass would still be the man to beat.

Edberg remains an enigma. Few believed he would ever reach a French Open final, but last year he did – and he should really have won against Chang. No-one thought he could possibly lose in the first round there this year – but he did. Perhaps the pressure of being seeded No.1 was too much for him. The suspicion of frailty remains and Stefan will not relish a probable second round meeting against the unseeded Czech Miloslav Mecir who led by two sets to love in their 1988 semi-final.

McEnroe certainly has the talent to win a fourth title here – but I doubt if he has the physical strength or hardness to survive seven best-of-five sets matches. His real test comes in round one where he will be tested to the limit by the free-spirited Californian Derrick Rostagno.

There are also some interesting questions about some of the women. Can Martina Navratilova, now 32 and perfectly prepared for the occasion (she has missed the French Open for the second year in a row), at last achieve a ninth singles success to overtake Helen Wills Moody, who currently shares their record?

Will 16-year-old Monica Seles, the new French Open champion, be more effective on Wimbledon's grass than she was last year when Steffi Graf beat her in the fourth round?

Has Steffi herself, who looked decidedly shaky in winning her third Australian title in January, been psychologically scarred by her loss to Seles in Paris?

Will the precocious Jennifer Capriati who, at 14 years and three months is the youngest player ever to be seeded, be able to cope with all the media hype that is certain to surround her?

Fate has clearly decided that it is time for us to learn the answers to some of these questions. Martina has the sort of draw one dreams about. All the potential threats are in the other half and there is no reason why she should not reach her 11th final. Even so, I do not expect to see Martina achieving her dream – unless both Graf and Seles are unexpectedly upset – for she is a fraction slower than she used to be.

Graf's half is a powerful one. Seles and Capriati are both there but will each be severely tested. The unseeded former finalist Hana Mandlikova, who says she will retire from singles after Wimbledon, might beat the 16th seed Barbara Paulus to pose the first threat to Seles.

Then either the American Zina Garrison (seeded 5) or the woman she beat in last week's Edgbaston final, Helena Sukova of Czechoslovakia, the No.10 seed, will lie in wait. However, I shall be surprised if the No.3 seed does not reach her appointed place against Graf. It should be as absorbing as their Paris final and the outcome is just as difficult to forecast. It will probably depend upon Seles's ability to time her service returns and passes, and her ability to cover the court fast enough.

Capriati's first match may be her last. Canada's Helen Kelesi is physically strong, very determined and will not be afraid to win. Ahead lie Kathy Jordan and Catharina Lindqvist, two more experienced campaigners. In suggesting that Lendl and Graf might emerge as the eventual champions I am conscious that, as usual, Wimbledon will probably have the last laugh.

Crossword on Page XXIII

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

7:30 am Playdays. 7:50 Muppet Babies. 8:15 The 8 15 from Manchester. 10:32 Weather.

10:35 Grandstand, including 11:00 Cricket: Second Test. England v New Zealand from Lord's; 1.0 News, 1:10 Motor Racing (Le Mans 90), 1:40 Cricket; 2:00 Racing from Ascot; 2:10 Tennis (Final of the Pilkington Glass Ladies' Championship at Eastbourne); 2:30 Racing from Ascot; 2:35 Tennis; 3:00 Racing from Ascot; 3:05 Tennis; 3:35 Racing from Ascot; 3:45 Tennis/Cricket.

This schedule assumes the BBC is covering the 8:00 pm World Cup match. If, instead, the BBC shows the 4:00 pm match, Grandstand will continue with live coverage from Naples.

5:05 News. 5:15 Regional news, sport. 5:15 Regional News and Sport. 5:20 Bugs Bunny. 5:30 The Flying Doctors.

6:15 That's Showbusiness. 6:45 The Les Dennis Laughter Show. 7:15 Takeover Bid. 7:45 World Cup Grandstand. 10:00 News and Sport. 10:20 Casualty. 11:10 Film: "Enigma" with Martin Sheen, Sam Neill and Brigitte Fossey. 12:50-12:55 am Weather.

BBC2

2:45 pm Mahabharat. 3:35 Film: "It Started in Naples" with Clark Gable and Sophia Loren. 6:00 Cricket: Second Test. England v New Zealand. 6:30 Astor Piazzolla - Tango Nuevo. 7:15 Newsview.

8:00 Theatre Night: "Othello." Trevor Nunn's RSC production of Shakespeare's tragedy stars Willard White in the title role, Ian McKellen as Iago, Imogen Stubbs as Desdemona and Zoe Wanamaker as Emilia. Including during the interval at 9:40-9:55 Nicholas Craig's Interview Masterclass.

11:40 Cricket: Second Test (highlights). 12:10-12:55 am Tennis (highlights of today's final in the Pilkington Glass Ladies' Championships).

LONDON

Programmes subject to ITV's live coverage of the later stages of the World Cup.

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Ghost Train. 11:30 The ITV Chart Show. 12:30 pm Huckleberry Finn and His Friends. 1:00 ITN News, followed by national weather. 1:05 Local news and weather. 1:10 Saint and Greavsie. 1:50 International Rugby: New Zealand v Scotland. 2:50 Coronation Street. 3:45 World Cup '90. 6:00 ITN News followed by National Weather. 6:10 Local News and Weather.

6:15 Cannon and Ball's Casino. 7:00 It's Beadle. 7:30 The Two Of Us. 8:00 Film: "Ashanti" with Michael Caine, Peter Ustinov and Rex Harrison. 10:05 ITN News followed by national weather. 10:20 Local weather. 10:25 Hale and Pace. 10:55 Film: "Smokey and the Bandit II" with Burt Reynolds and Sally Field. 12:45 am Tour of Duty.

CHANNEL 4

7:30 am International Times. 8:00 Transworld Sport. 9:00 Channel 4 Racing: The Morning Line. 9:25 Australian Rules Football. 10:30 Listening Eye. 11:00 Check Out. 11:30 Wagon Train. 12:30 pm California Off Beat. 1:00 Equinox: The Defender. 12:00 Film: "Pick a Star" with Jack Haley. 3:20 Le Tombeau de Lumière. 12:25 Film: "Thanks a Million" with Dick Powell. 6:05 Brookside Omnibus. 6:00 Right to Reply. 6:30 Gallery.

7:00 The World This Week. 8:00 Kingdom of the Deep: People of the Sea. 9:00 thirtysomething. †10:00 Film: "Au Hazard, Balthazar" (in French with English subtitles). 11:50 Burning Embers. †12:50 am Film: "Encore": Maugham trilogy.

S4C WALES

As Channel 4 except:

11:30 am Loads More Mack and Magic! 12:00 The Running Programme. 12:30 pm Hard News. 1:00 International Athletics: Britain v USA v Kenya. 2:00 Masterworks. 2:15 Film: "Hero of the People" (in Tamil with English subtitles). 6:30 The Wonder Years. 7:00 The Television Village. 7:30 Newyddion. 7:40 Gwaid Ser. 8:35 Rygbi Rhyngwladol: Seland Newydd v Yr Alban – Yr All Brawd. 9:35 Film: "A Private Function" with Maggie Smith and Michael Palin. 10:50 Raymond Williams – A Journey of Hope.

IBA Regions as London except at the following times:

ANGLIA

12:40 am Kojak.

CENTRAL

12:30 pm McCartney. 12:50 am Garrison's Gorillas.

CHANNEL

12:30 pm Supervomes. 1:05 Diary Dates. 2:45 The Maiden Voyage. 12:45 am Sea Symbols I.

GRAMPIAN

12:30 pm An Faench. 12:30 am Kojak.

GRANADA

2:55 pm The Maiden Voyage. 12:45 am Kojak.

HTV

12:40 am Thrub.

SCOTTISH

12:30 pm McCartney. 12:50 am Film: "The Man Who Could Cheat Death" with Christopher Lee and Anton Diffring.

TSW

12:30 pm The South West Week. 12:50 am Kojak.

TVS

12:30 pm Supersport: The Bonus Prix: UK Open. 12:45 am X-Rated Box Symbols.

TYNE TEES

2:55 pm The Maiden Voyage. 12:45 am Kojak.

ULSTER

12:30 pm The Members Today. 2:55 Seal Headlines. 12:45 am Kojak.

YORKSHIRE

12:30 pm McCartney. 12:45 am ITN News Headlines followed by Tour of Duty.

RADIO

(S) Stereo on FM

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

SUNDAY

†Indicates programme in black and white

BBC1

BBC coverage of World Cup games not certain at press time.

8:55 am Playdays. 9:15 Making Sense of Creation. 9:30 This is the Day. 10:00 Bazaar. 10:25 Take Nobody's Word For It. 10:50 Business Matters. 11:15 The Big E. 11:40 When In France. 12:05 pm Sign Extra.

12:30 Country File. 1:00 News: On the Record. [illegible]

BBC2

[illegible]

LONDON

Exact details of ITV's live coverage today of the World Cup not available at press time.

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV. Disney Family Movie: "Amy" (Part 2). 10:15 The Campbells. 10:45 Link. 11:00 Morning Worship. 12:00 Visions. 12:30 pm The Care Bears. 12:45 Crime Monthly Update. 12:55 Local News and Weather. [illegible] movie at 10:45-12:30 am "The Terminator" with Arnold Schwarzenegger.

CHANNEL 4

[illegible] class. 9:15 Three Plays by Gertrude Stein. 10:00 Made in the USA: Strangers Kiss. 11:45 Cinema from Three Continents: "Far from War" (with English subtitles).

S4C WALES

As Channel 4 except:

1:00 pm TV 101. 2:00 Kingdom of the Deep. 3:00 Criced. 3:45 Animation on 4. 4:05 Criced. 6:45 San Steffan. 7:00 O Bedwar Ban. 7:20 Newyddion. 7:30 Margaret Williams. 8:00 Hel Straeon. 8:30 Rygbi Rhyngwladol. [illegible]

ANGLIA

[illegible]

CENTRAL

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

YORKSHIRE

[illegible]

RADIO

(S) Stereo on FM

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]